

# **Overview of Professional Sports and Facilities in North America**

**March 1, 2004**

**San Jose Sports Facility Task Force**

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**Contents of this report were taken from industry publications and various other sources of public information. No attempt has been made to verify or alter this information. Information presented may vary from actual and these differences may be material.**

# Presentation Outline

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- I. Overview of the San Jose Market**
- II. Comparative Demographic Analysis**
- III. League Overviews**
- IV. Facility Development Overview**

## **Overview of the San Jose Market**

# San Jose Overview

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- **San Jose is the Capital of Silicon Valley and is located just south of San Francisco/Oakland.**
- **San Jose is the 3<sup>rd</sup> largest City in California and 11<sup>th</sup> largest in America.**
- **The City's population has grown approximately 18.0 percent since 1990 and the latest industry projections indicate an increase of nearly 6.0 percent over the next five years.**
- **The City is home to approximately 20 corporations with over 1,500 employees each.**
- **San Jose's climate features 300 days of sunshine annually with average temperatures ranging from approximately 50 degrees in January to 70 degrees in July.**
- **The City currently hosts six professional sports franchises:**
  - **San Jose Sharks (National Hockey League)**
  - **San Jose Earthquakes (Major League Soccer)**
  - **San Jose Giants (Minor League Baseball)**
  - **San Jose SaberCats (Arena Football League)**
  - **San Jose CyberRays (Women's United Soccer Association)**
  - **San Jose Stealth (National Lacrosse League)**

# San Jose Area Sports Venues

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Facility	Opened	Capacity	Suites	Club Seats	Tenant(s)
HP Pavilion	1993	17,483	65	3,413	San Jose Sharks (NHL) San Jose SaberCats (AFL) San Jose Stealth (NLL)
Spartan Stadium	1933	30,456	13	0	SJSU Football (NCAA) San Jose Earthquakes (MLS) San Jose CyberRays (WUSA)
The Event Center	1988	5,600	0	0	SJSU Basketball (NCAA)
Municipal Stadium	1941	5,200	0	0	SJSU Baseball (NCAA) San Jose Giants (A-California)
Leavey Center	1975/2000	5,000	0	0	SCU Basketball (NCAA)
Buck Shaw Stadium	1962	6,800	0	0	SCU Baseball (NCAA)

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# San Jose Area Sports Venues

## HP Pavilion

**Year Opened: 1993**

**Capacity: 17,483**

**Suites: 65**

**Club Seats: 3,413**

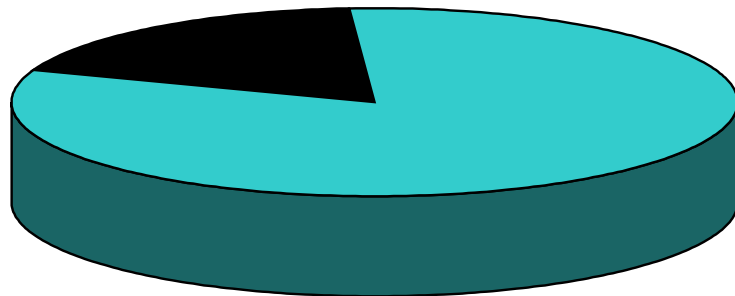
**Owner: City of San Jose**

**Operator: San Jose Arena Mgmt**



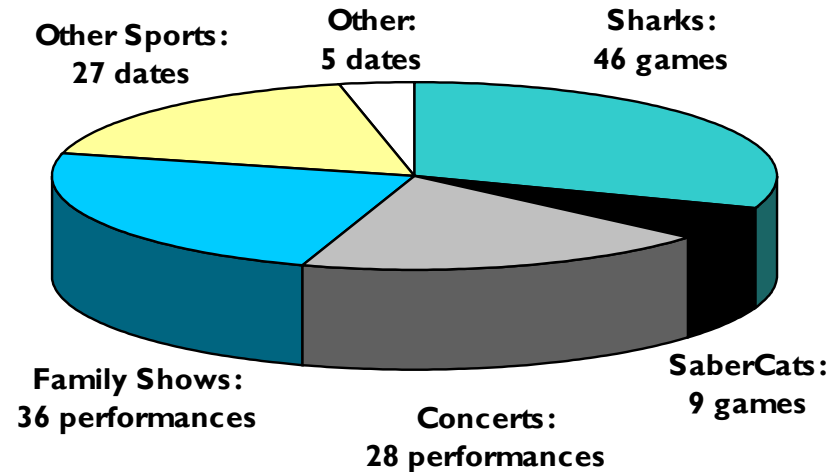
### Arena Financing:

**San Jose Arena Mgmt Corp.:  
\$30.0 million**



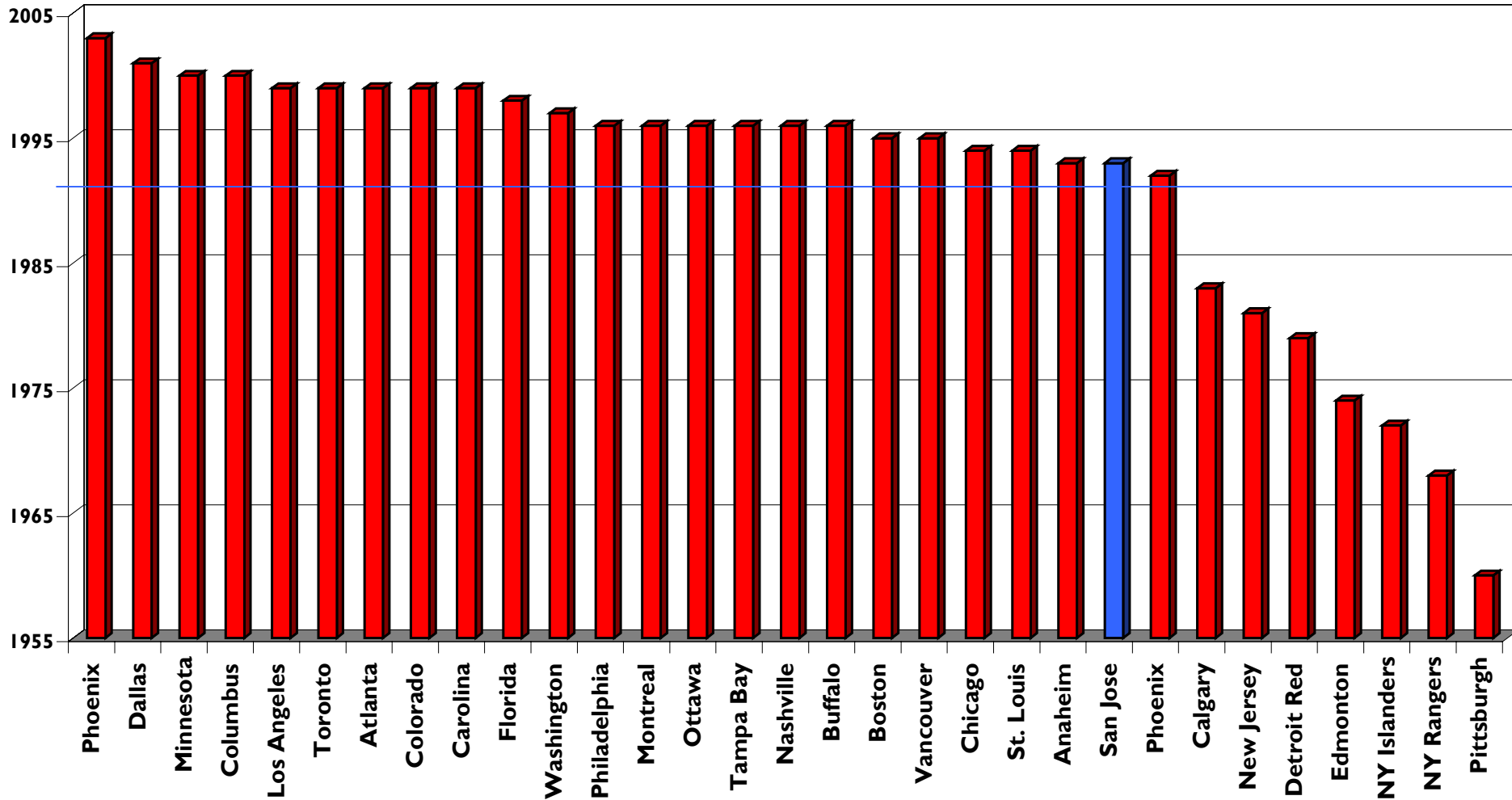
**Redevelopment Agency:  
\$132.5 million**

### 2003 Event List: 151 Total Events



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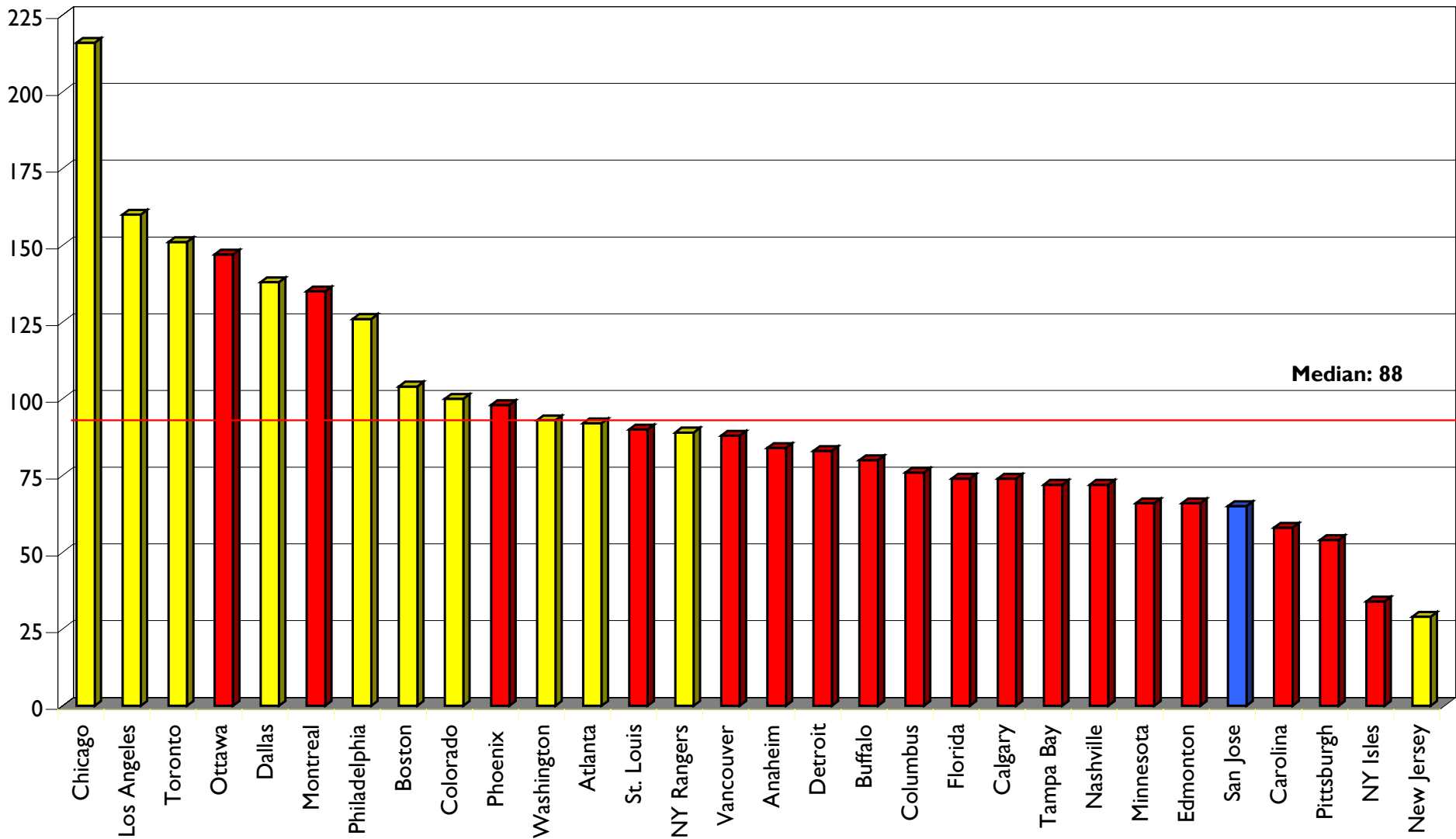
# NHL Arenas – Year Opened



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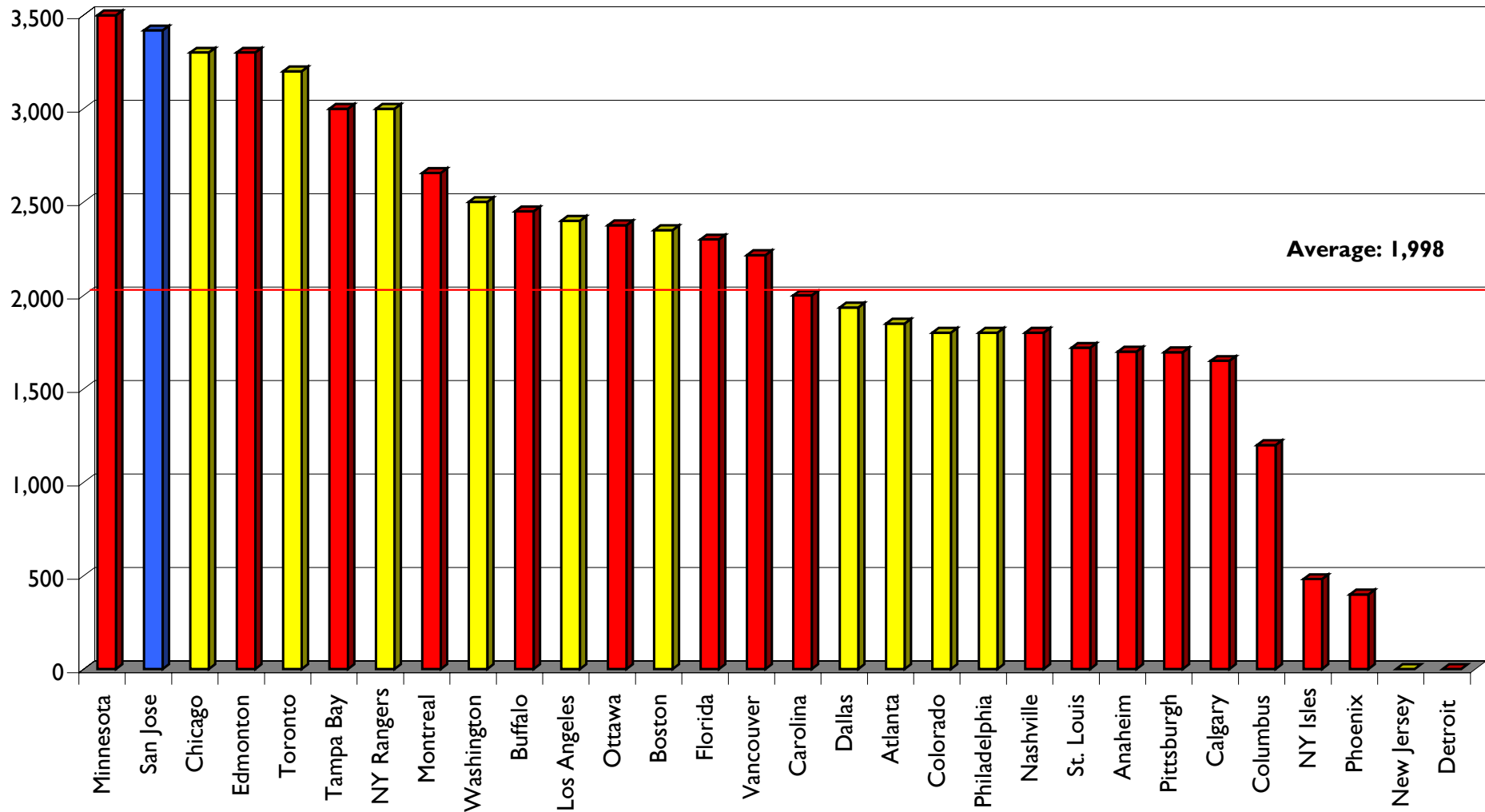


# NHL Arenas – Suite Inventory



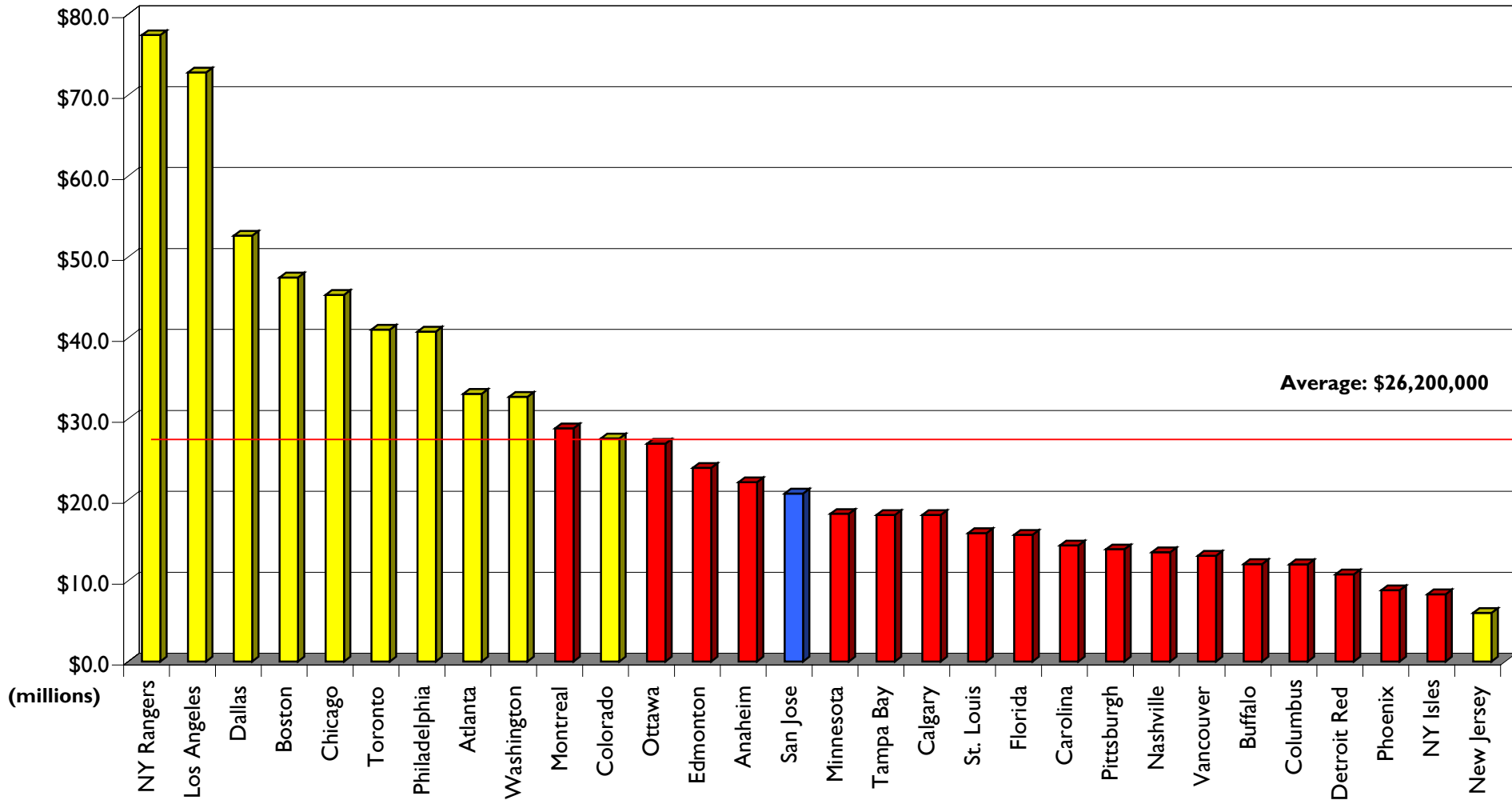
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# NHL Arenas – Club Seat Inventory



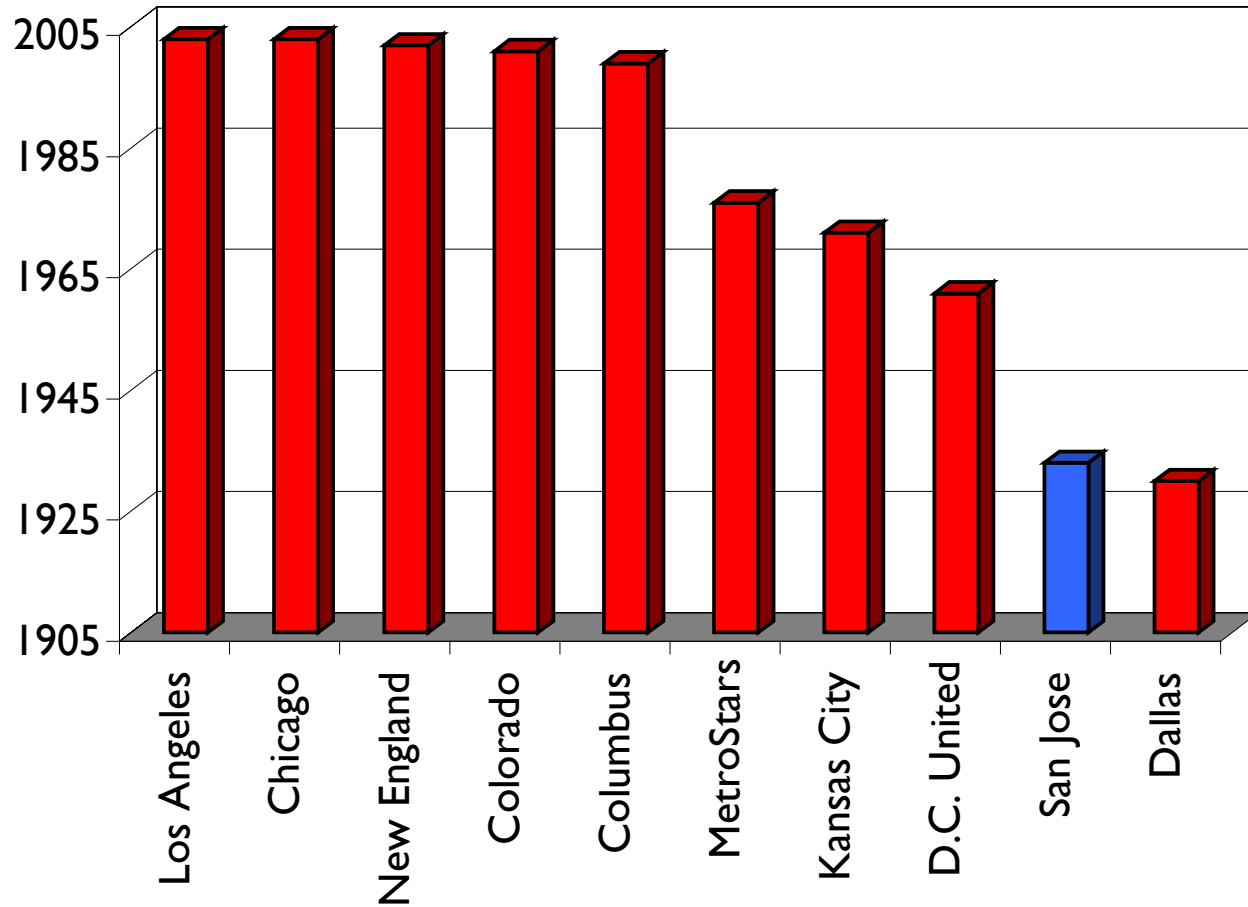
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# NHL Arenas – Premium Seating Revenue Potential



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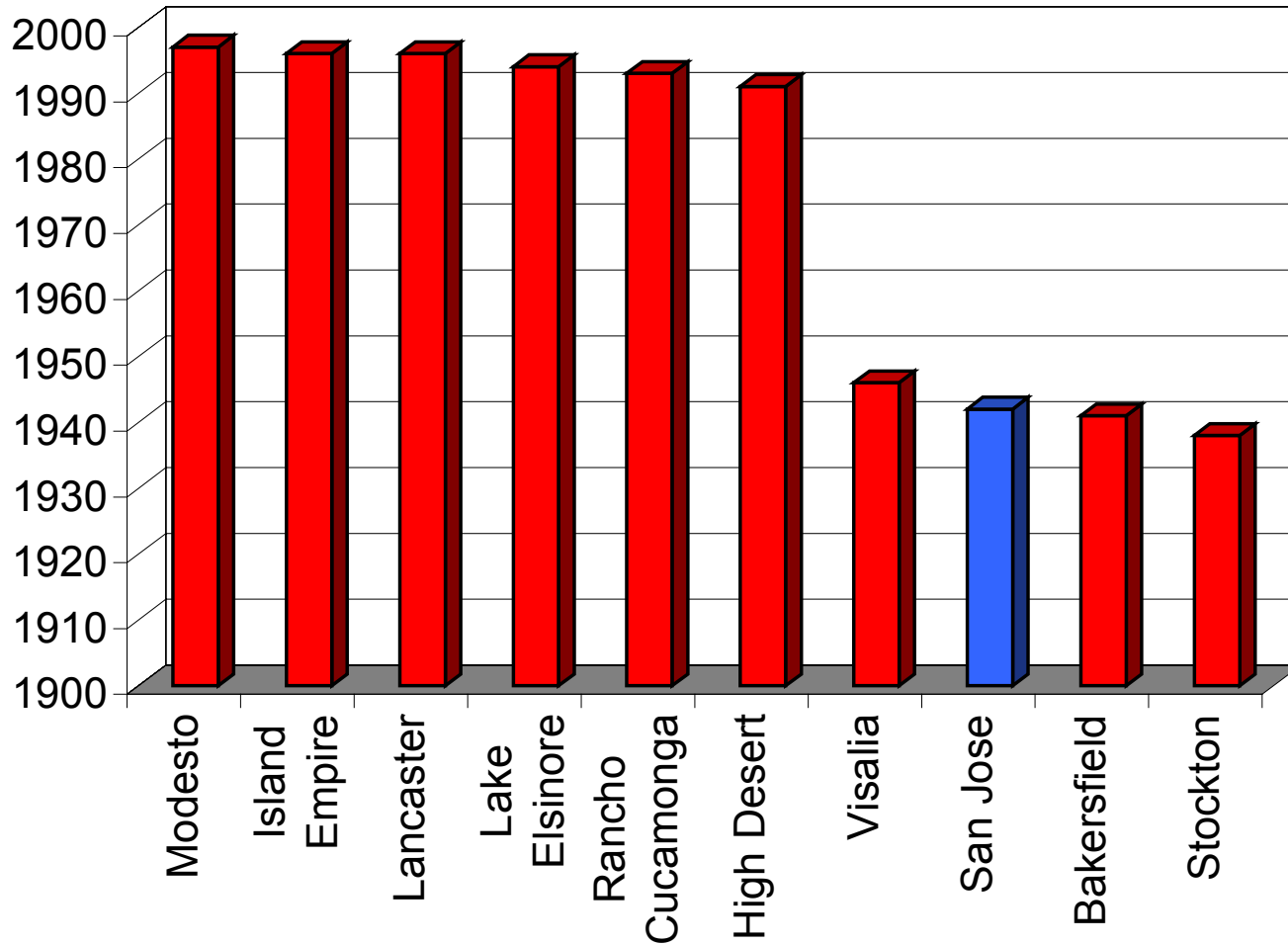
# MLS Facilities – Year Opened



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# Class-A California League Facilities – Year Opened

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# **Comparative Demographic Analysis**

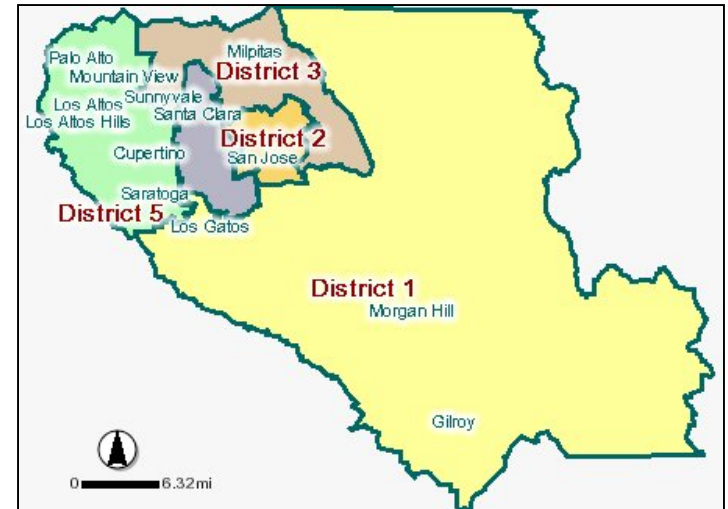
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# Market Area Definitions

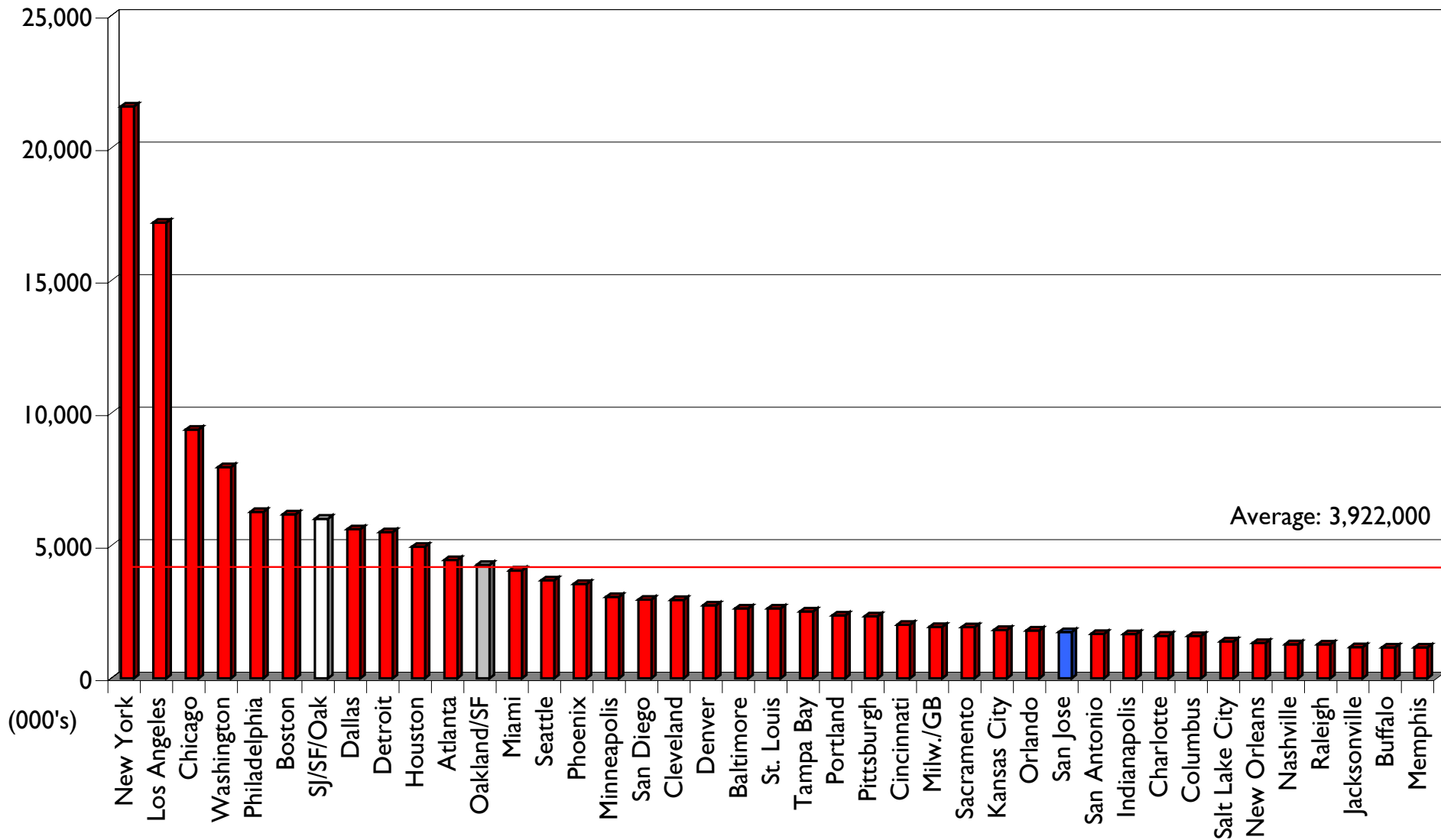
- The **San Jose Metropolitan Statistical Area (MSA)** is defined as **Santa Clara County** as shown to the right. Major cities include:

- **Cupertino**
- **Palo Alto**
- **Gilroy**
- **San Jose**
- **Milpitas**
- **Santa Clara**
- **Mountain View**
- **Sunnyvale**



- The **San Francisco MSA** is defined as **Marin, San Francisco and San Mateo Counties**.
- The **Oakland MSA** is defined as **Alameda and Contra Costa Counties**.
- The **MSA** demographic and socioeconomic variables analyzed in the following slides were obtained from *Sales & Marketing Management 2003* and were used as a standard means of comparing the major metropolitan markets in the U.S.
- For purposes of this analysis, the demographics of the **San Francisco/Oakland** and **San Jose** markets have been presented independently as well as collectively.

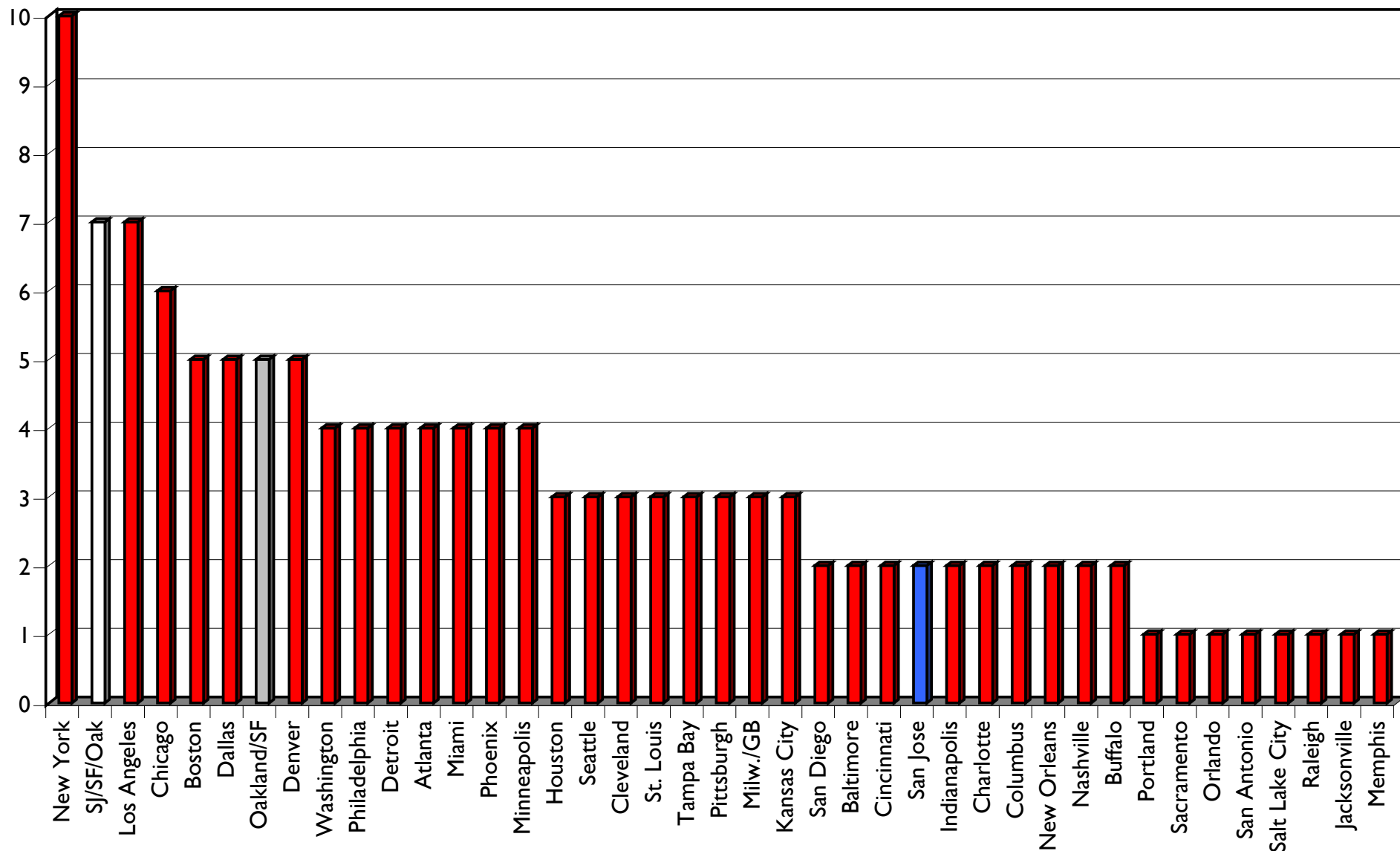
# Total Population – All Markets



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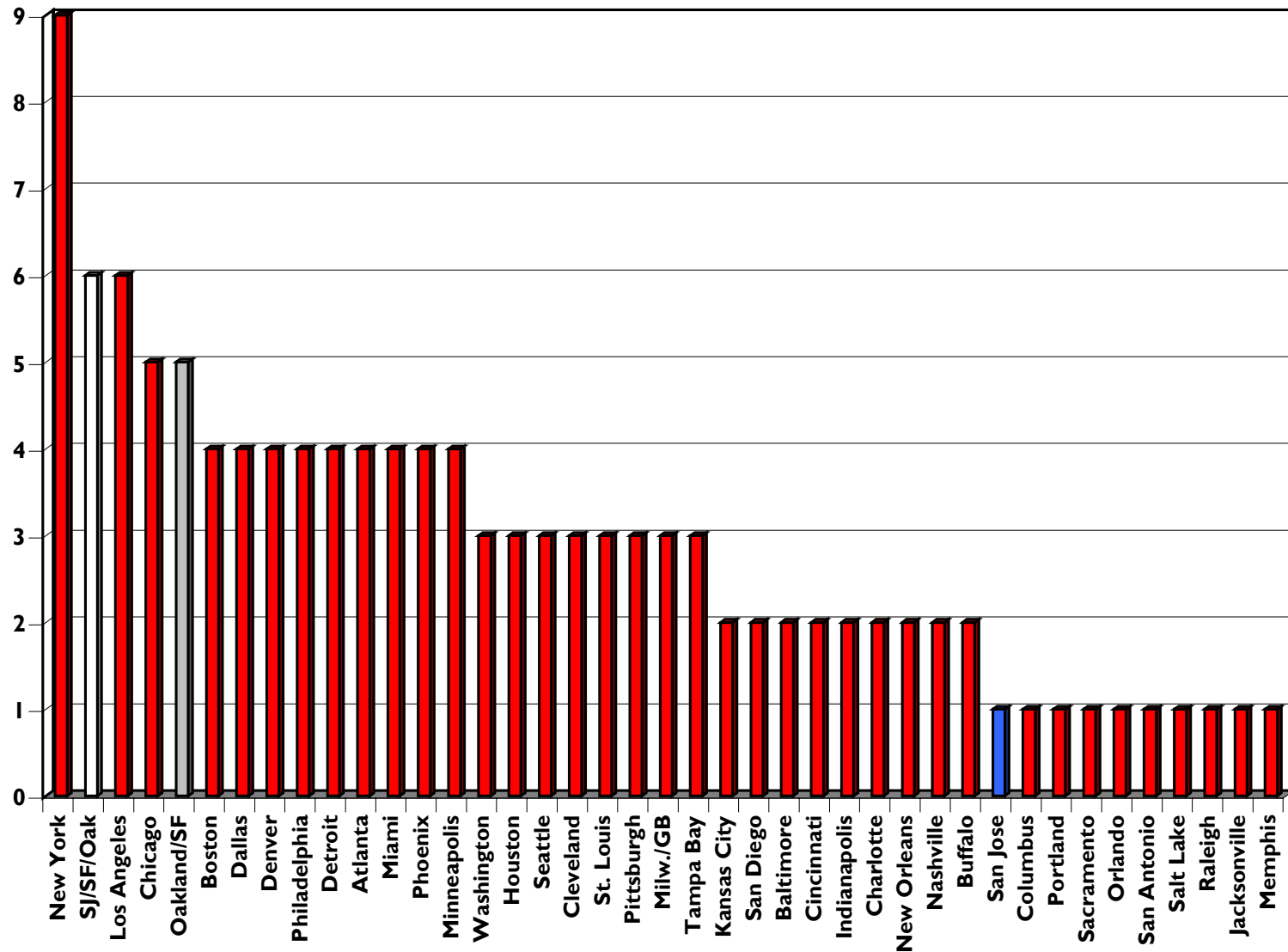
# Number of Professional Franchises – All Markets



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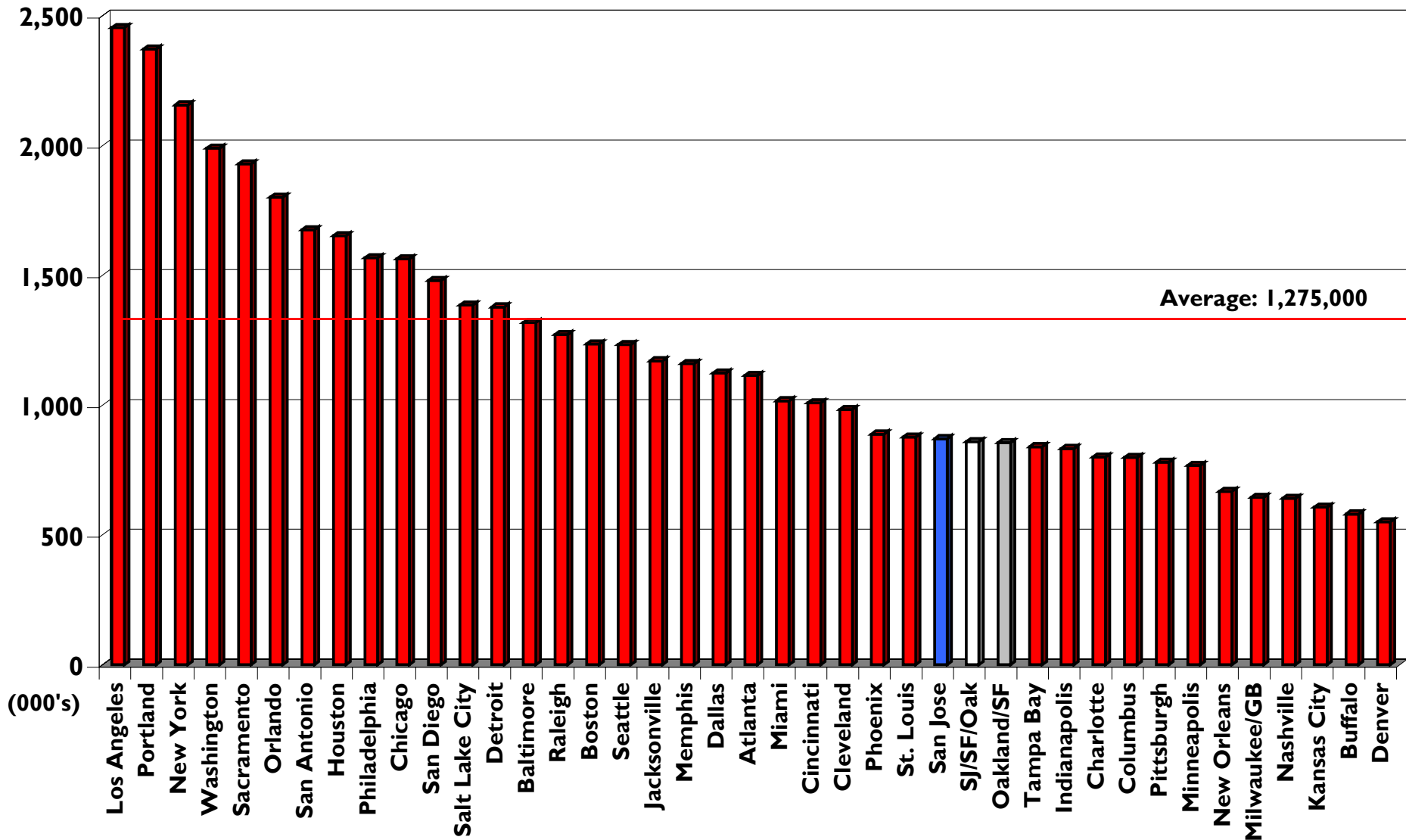
# Number of Professional Franchises – All Markets

Without MLS



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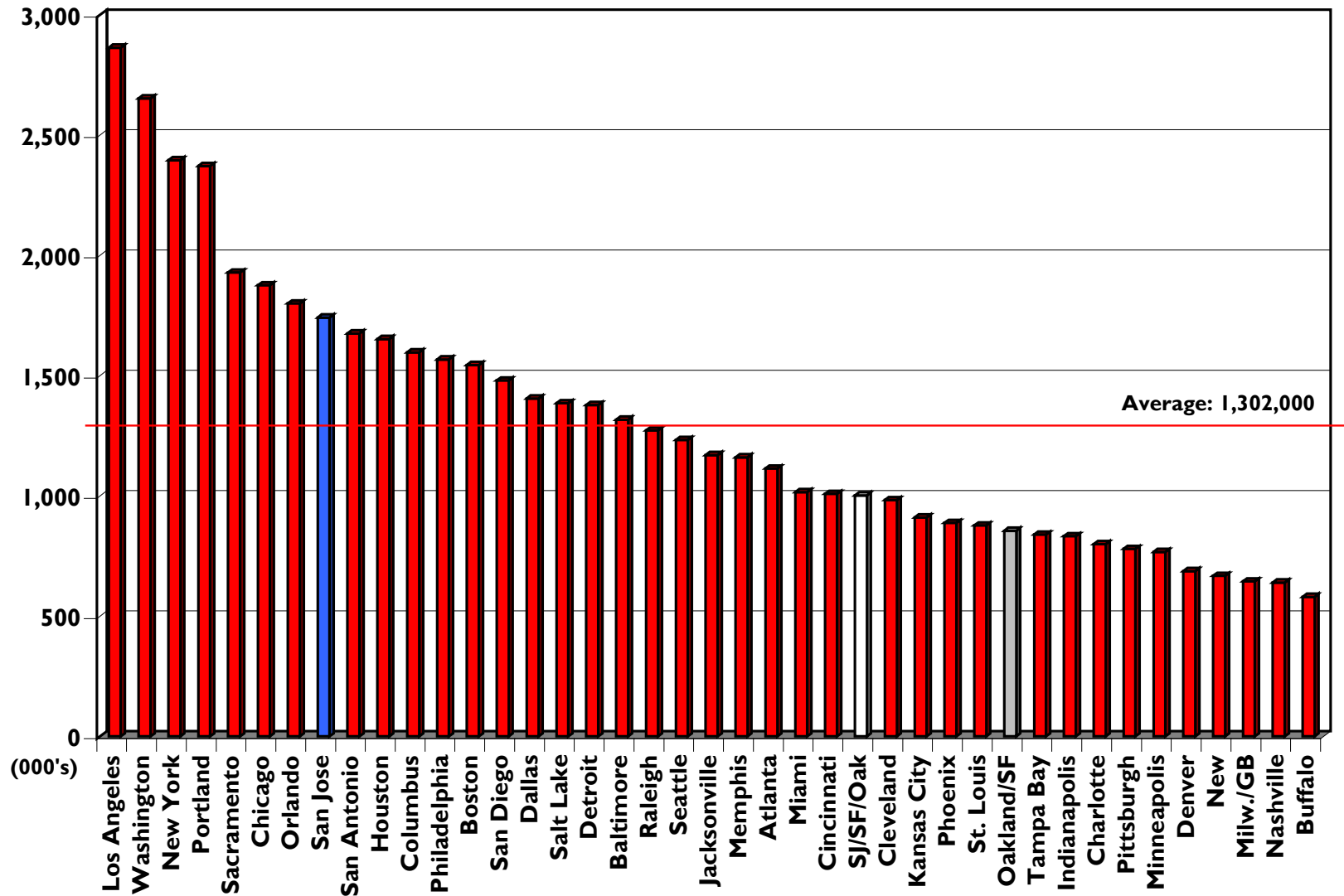
# Population Per Franchise – All Markets



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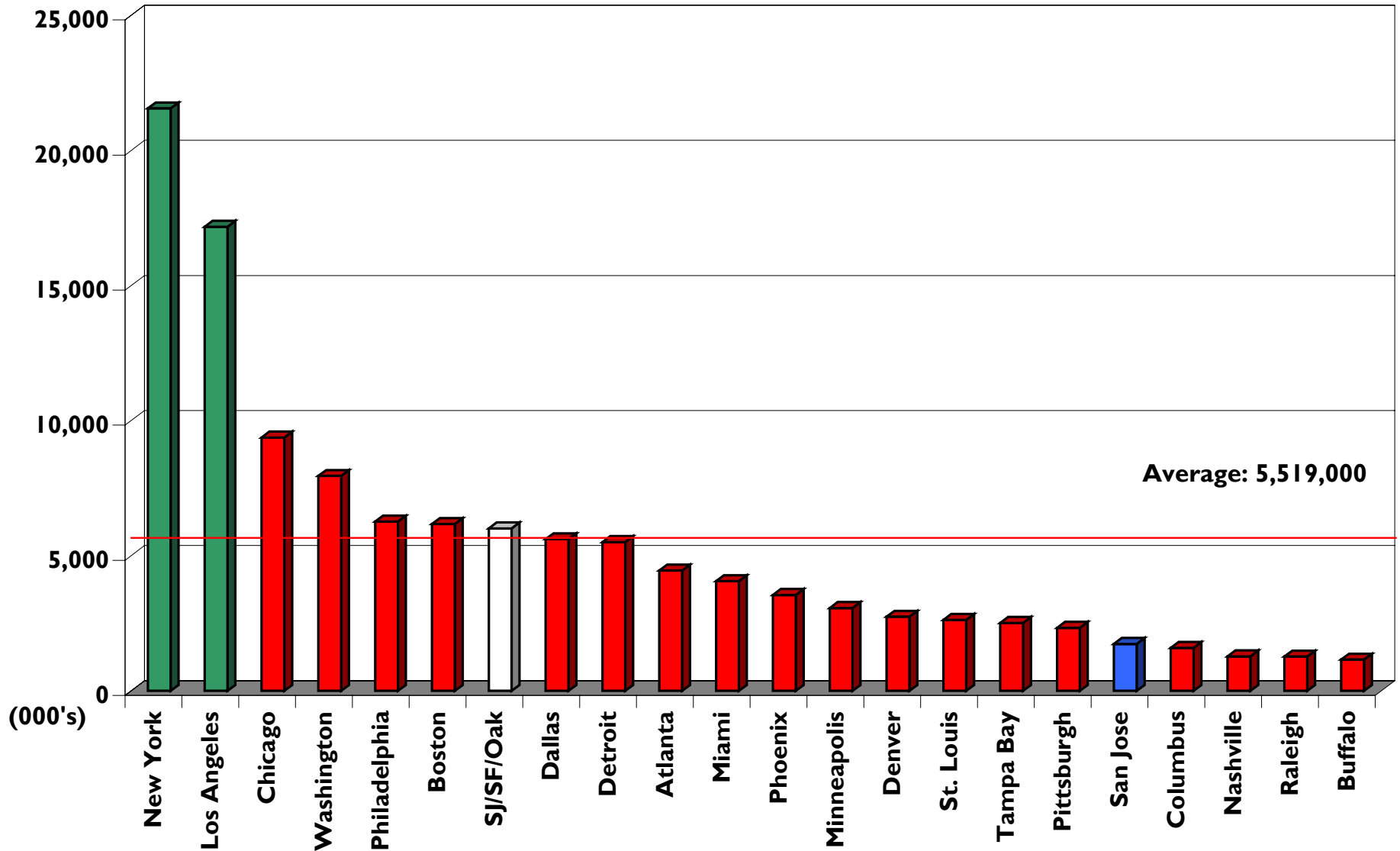
# Population Per Franchise – All Markets

Without MLS



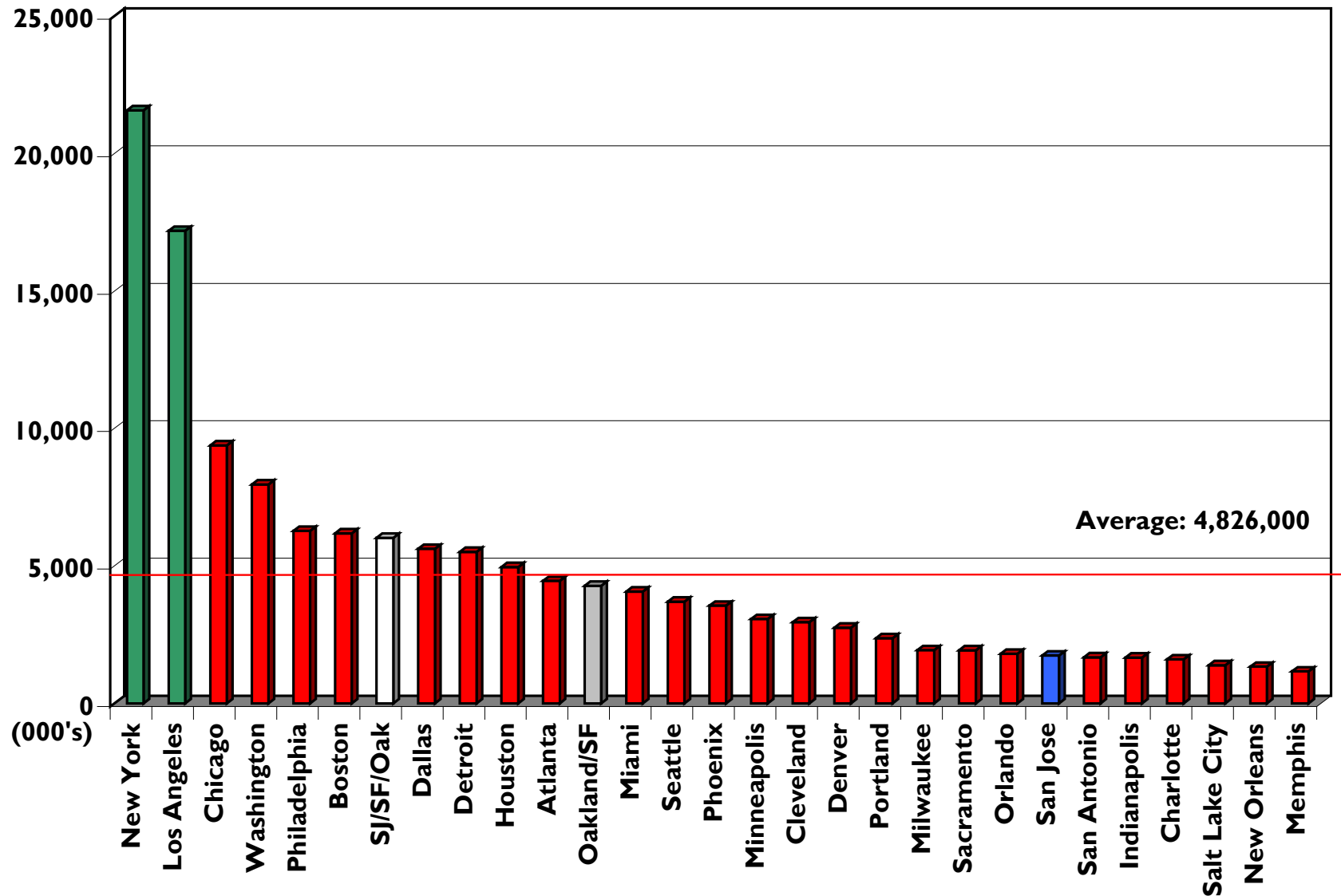
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# Total Population – NHL Markets



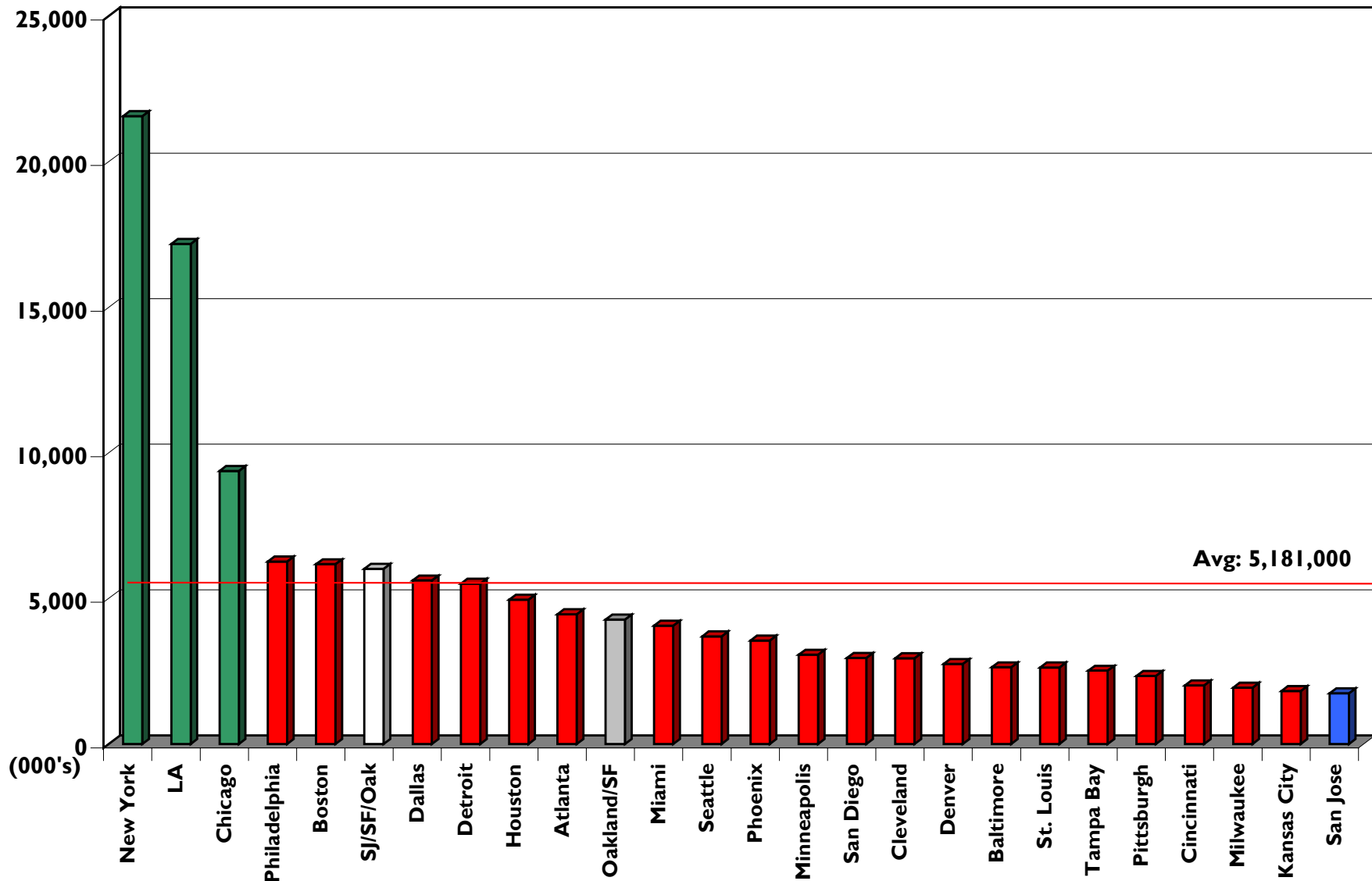
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# Total Population – NBA Markets



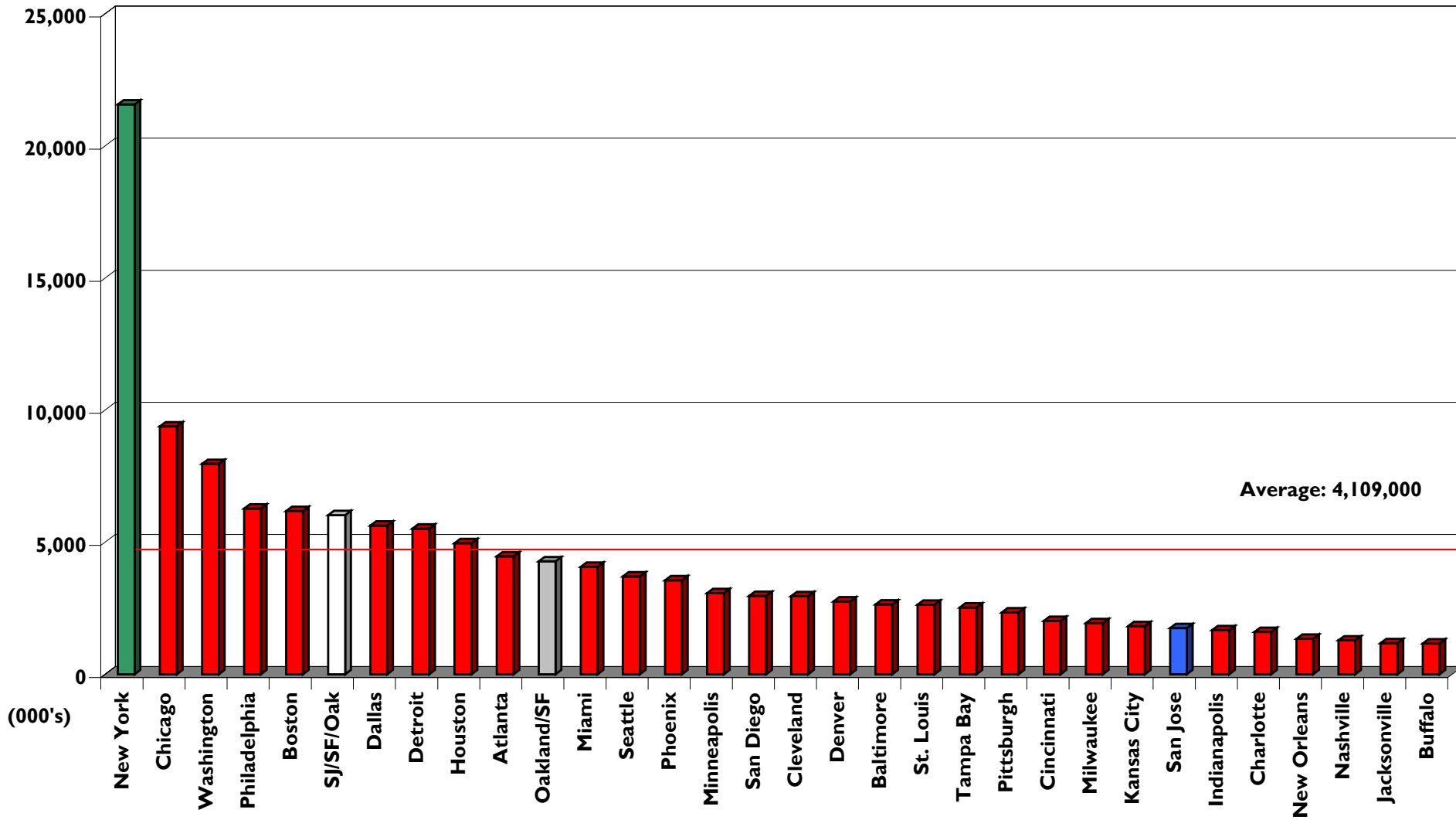
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# Total Population – MLB Markets



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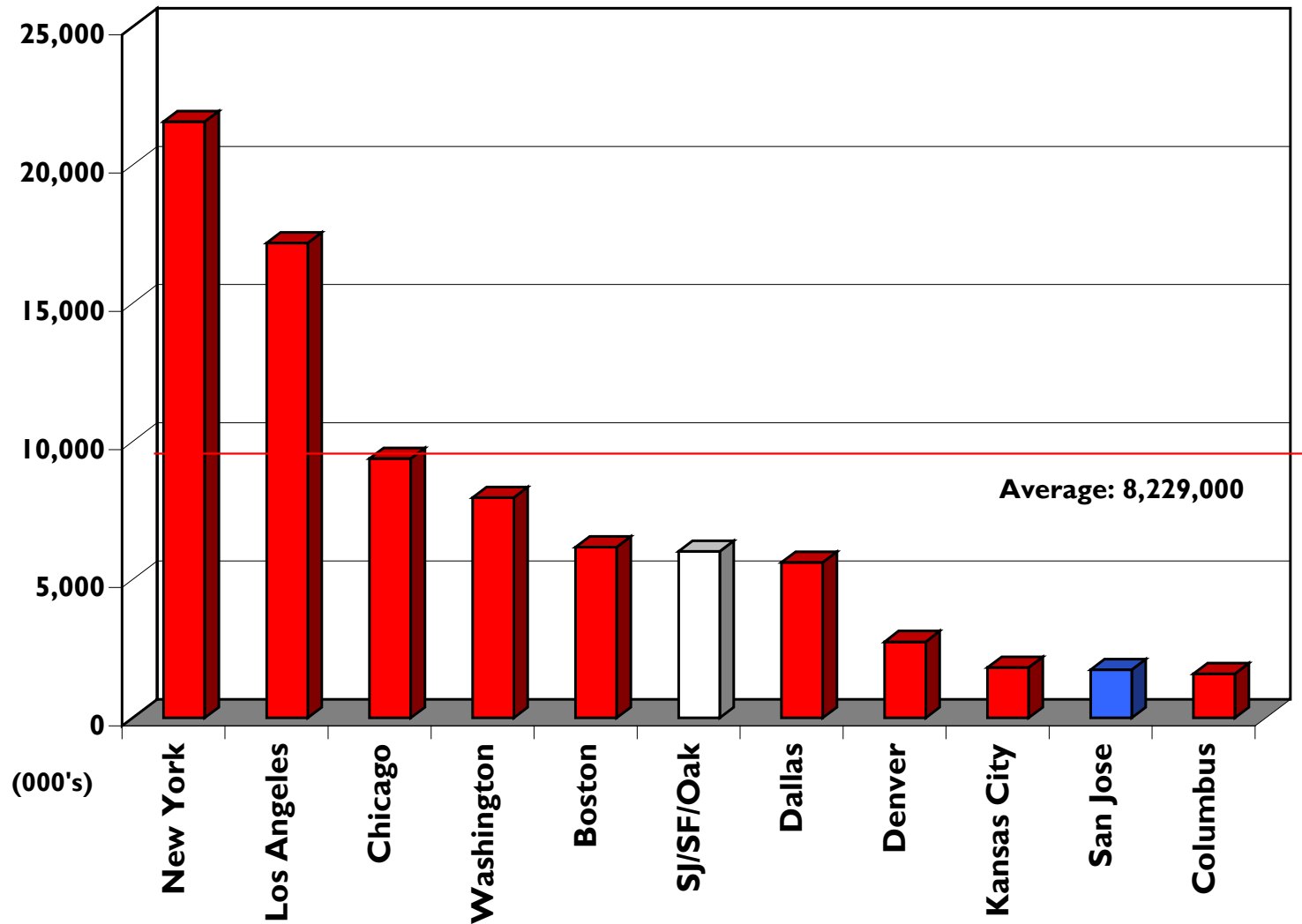
# Total Population – NFL Markets



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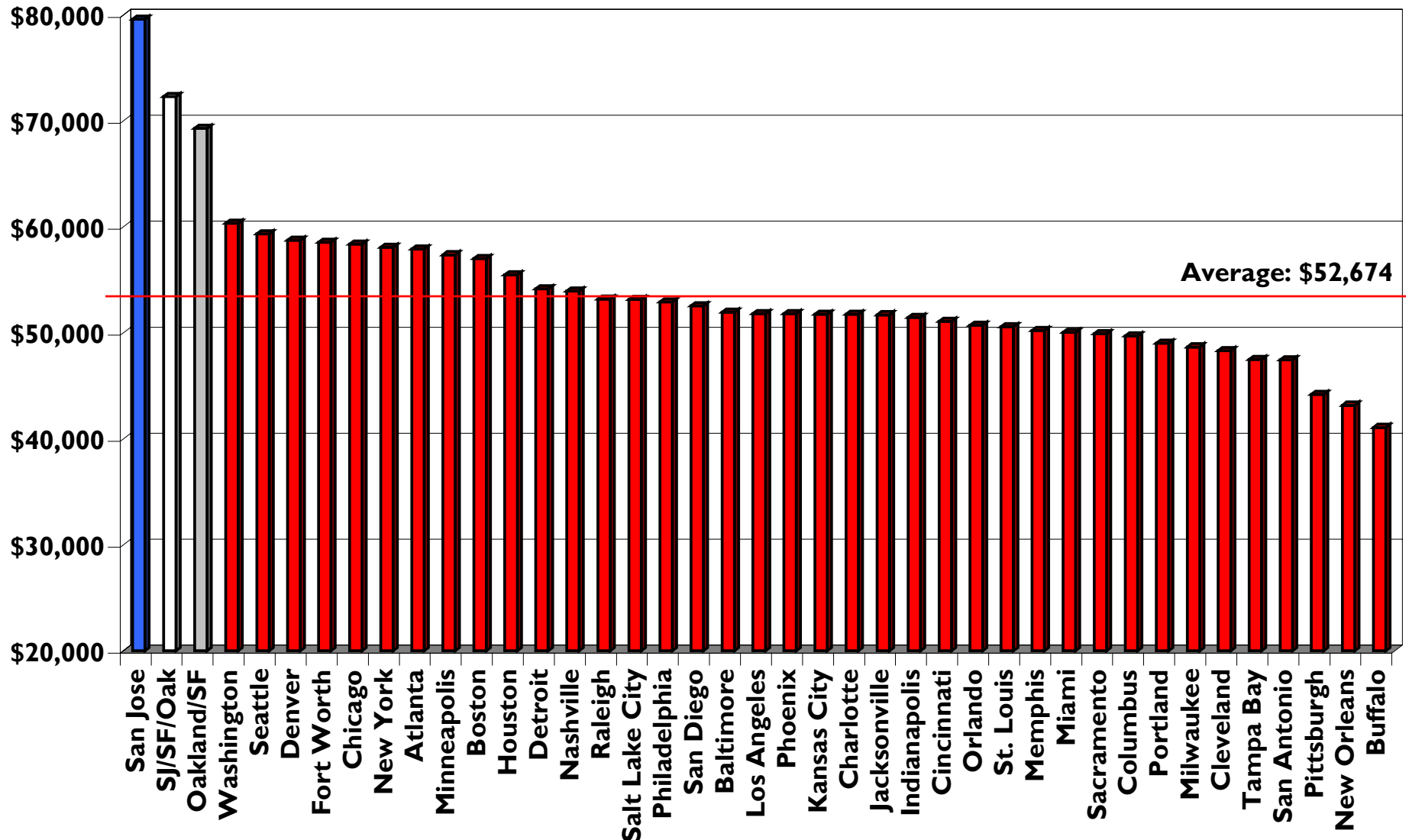


# Total Population – MLS Markets



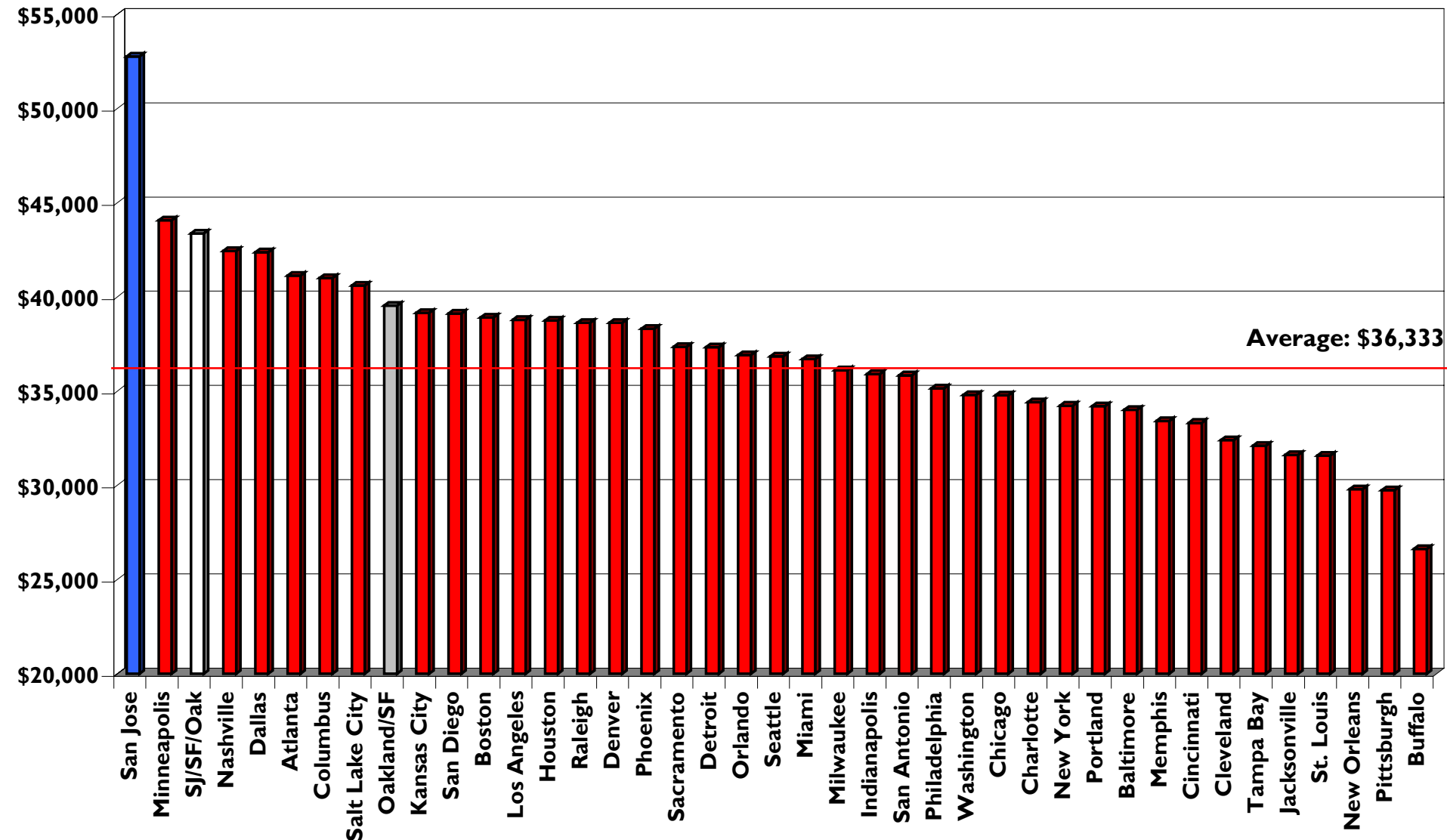
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# Average Household EBI – All Markets



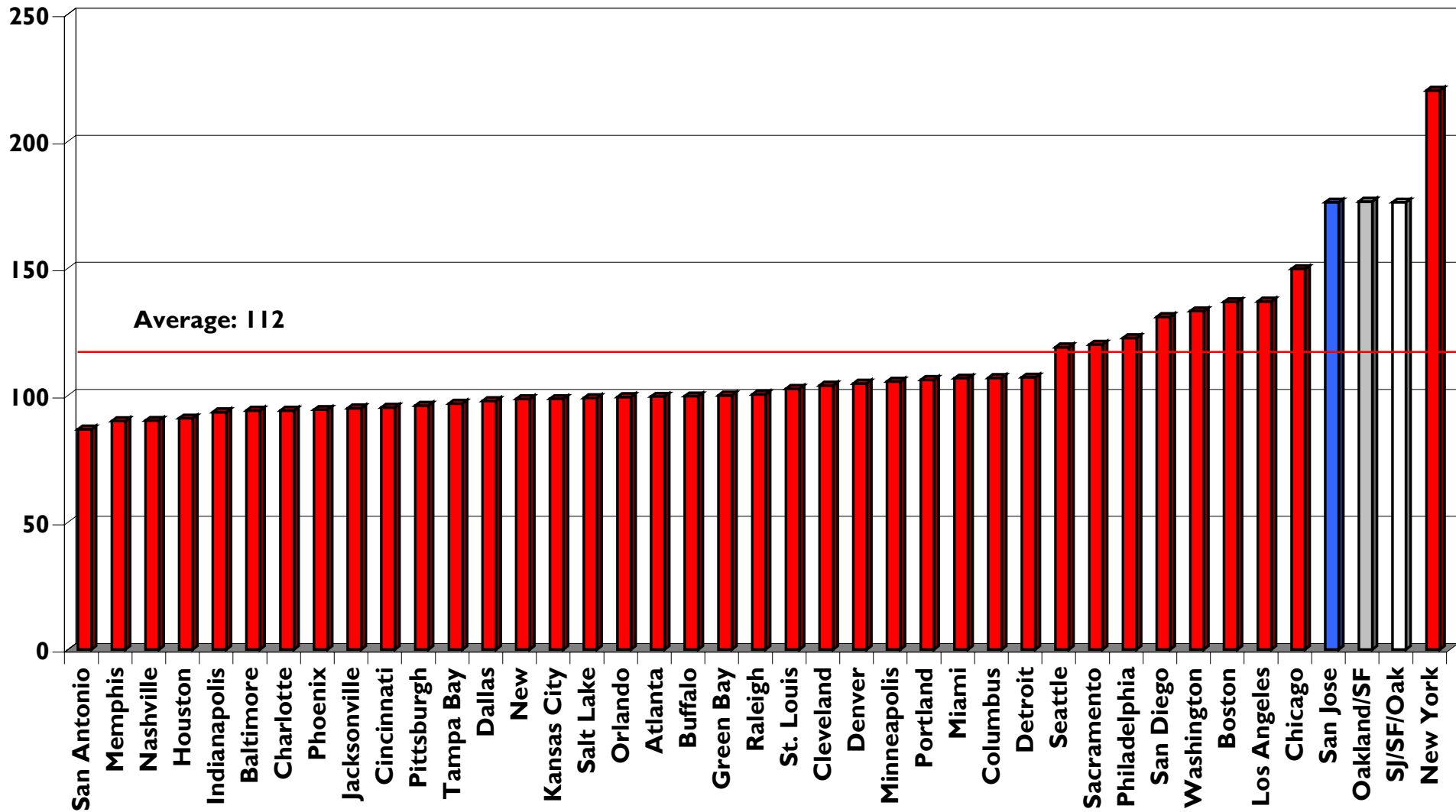
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# Average Retail Sales Per Household – All Markets



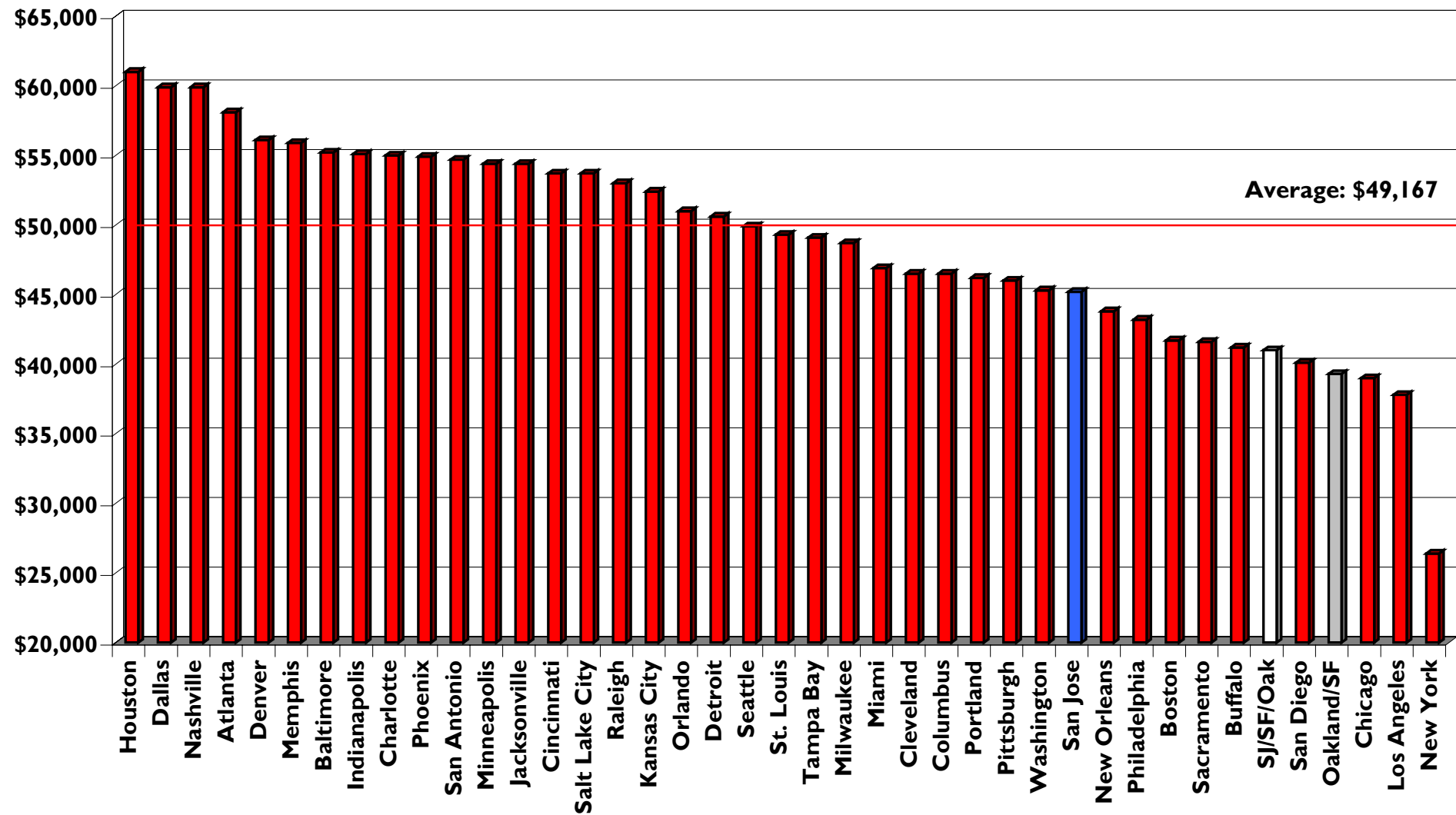
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# Cost of Living Index – All Markets



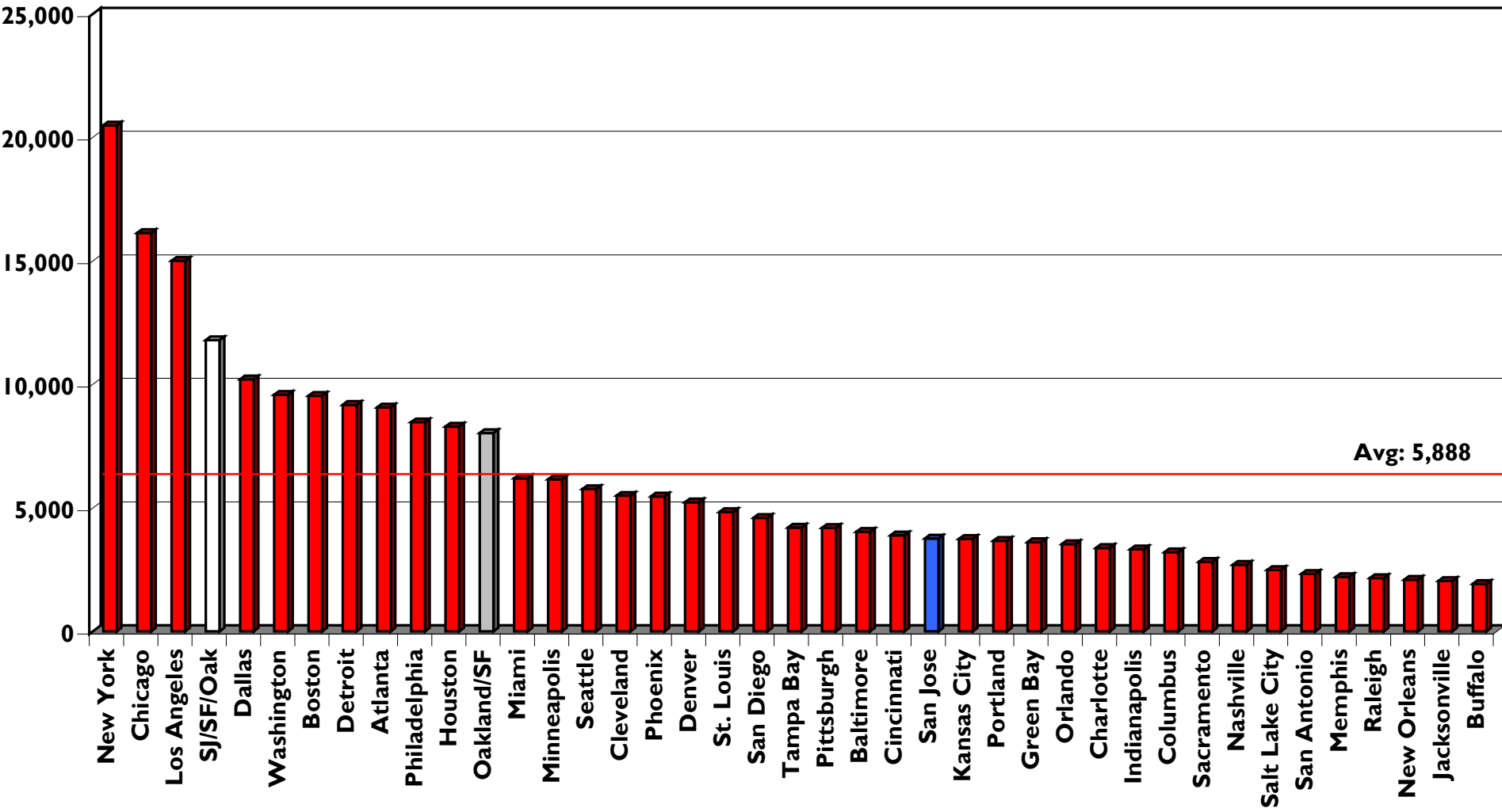
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# Adjusted Household EBI – All Markets



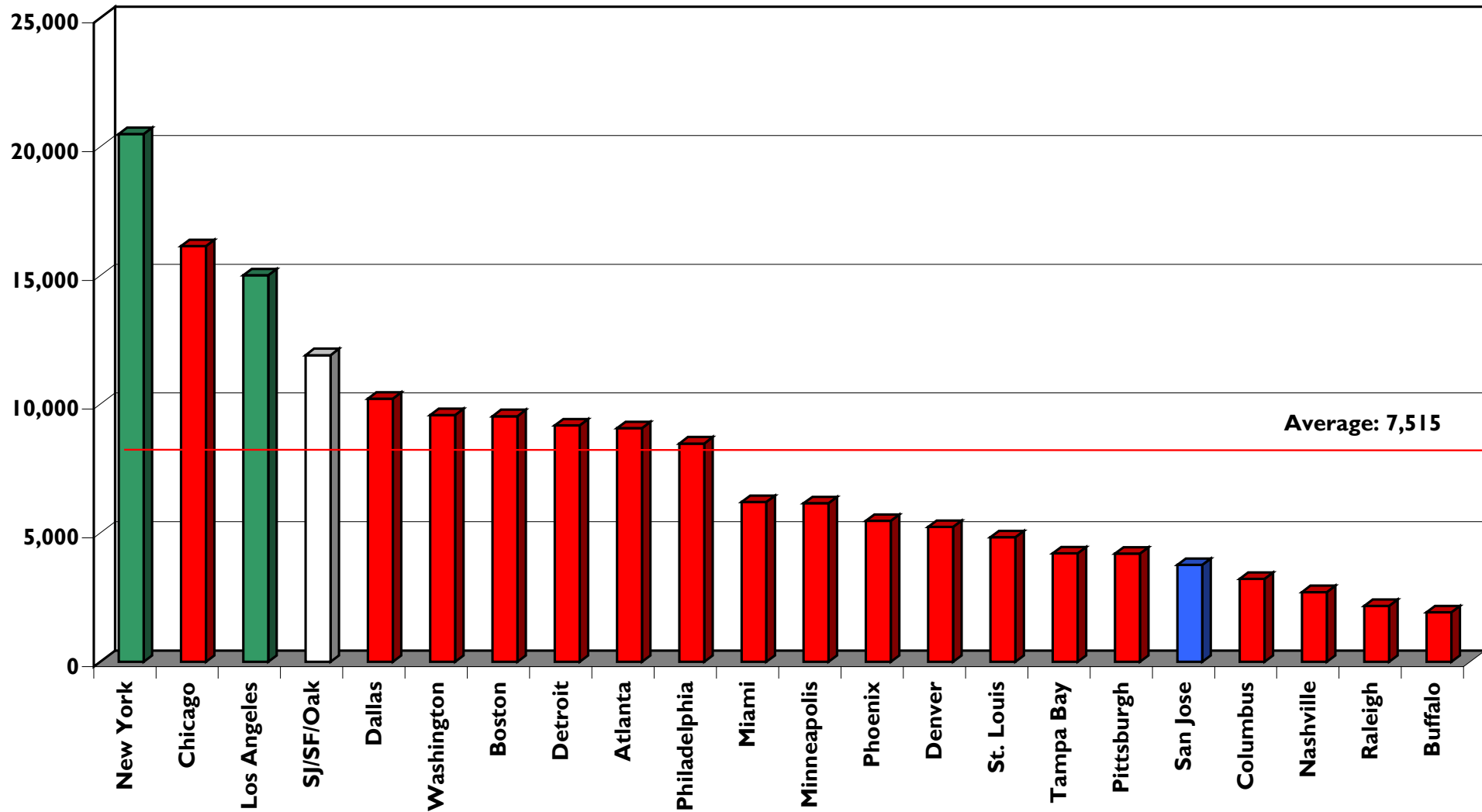
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# Corporate Inventory – All Markets



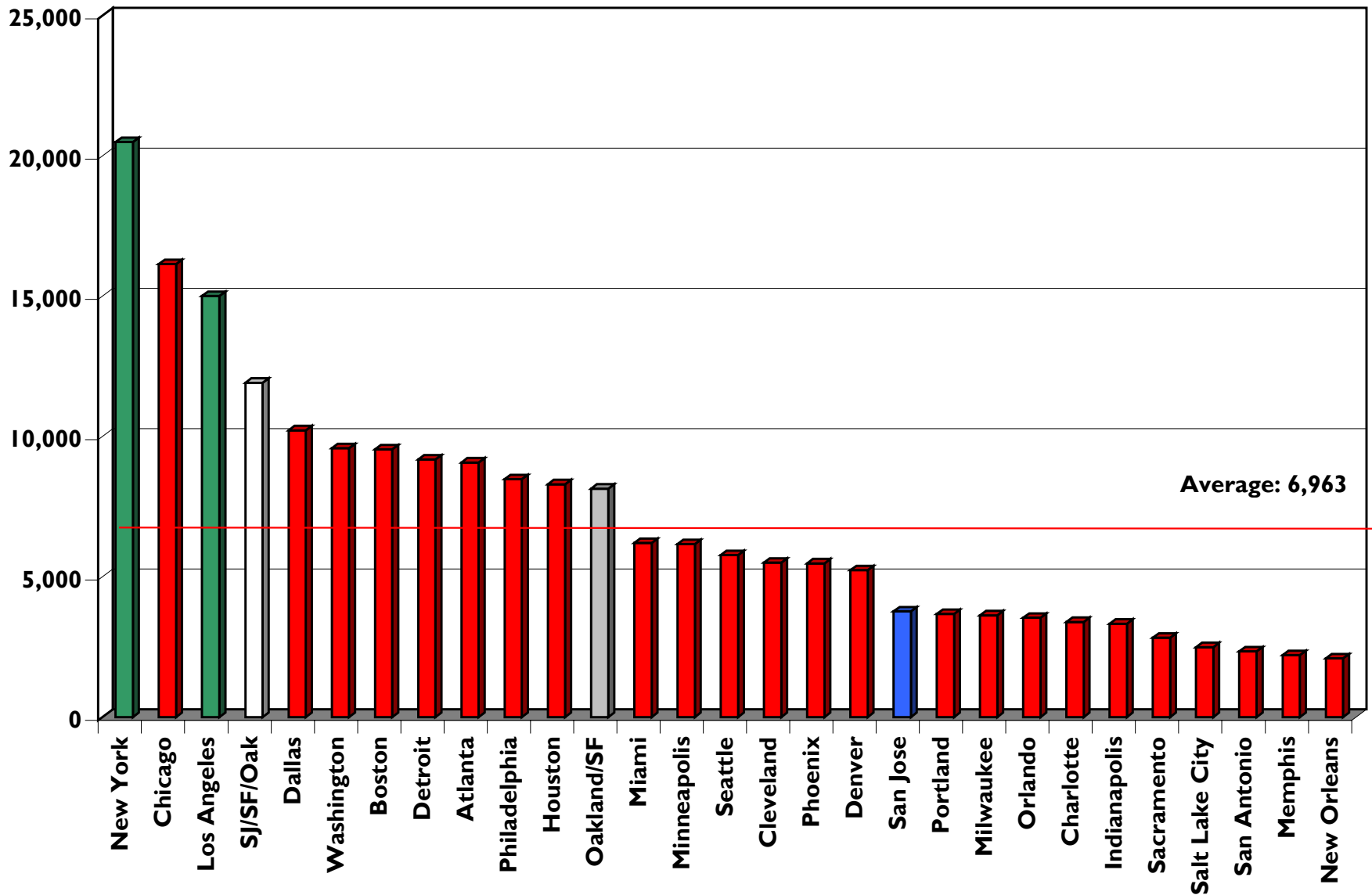
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# Corporate Inventory – NHL Markets



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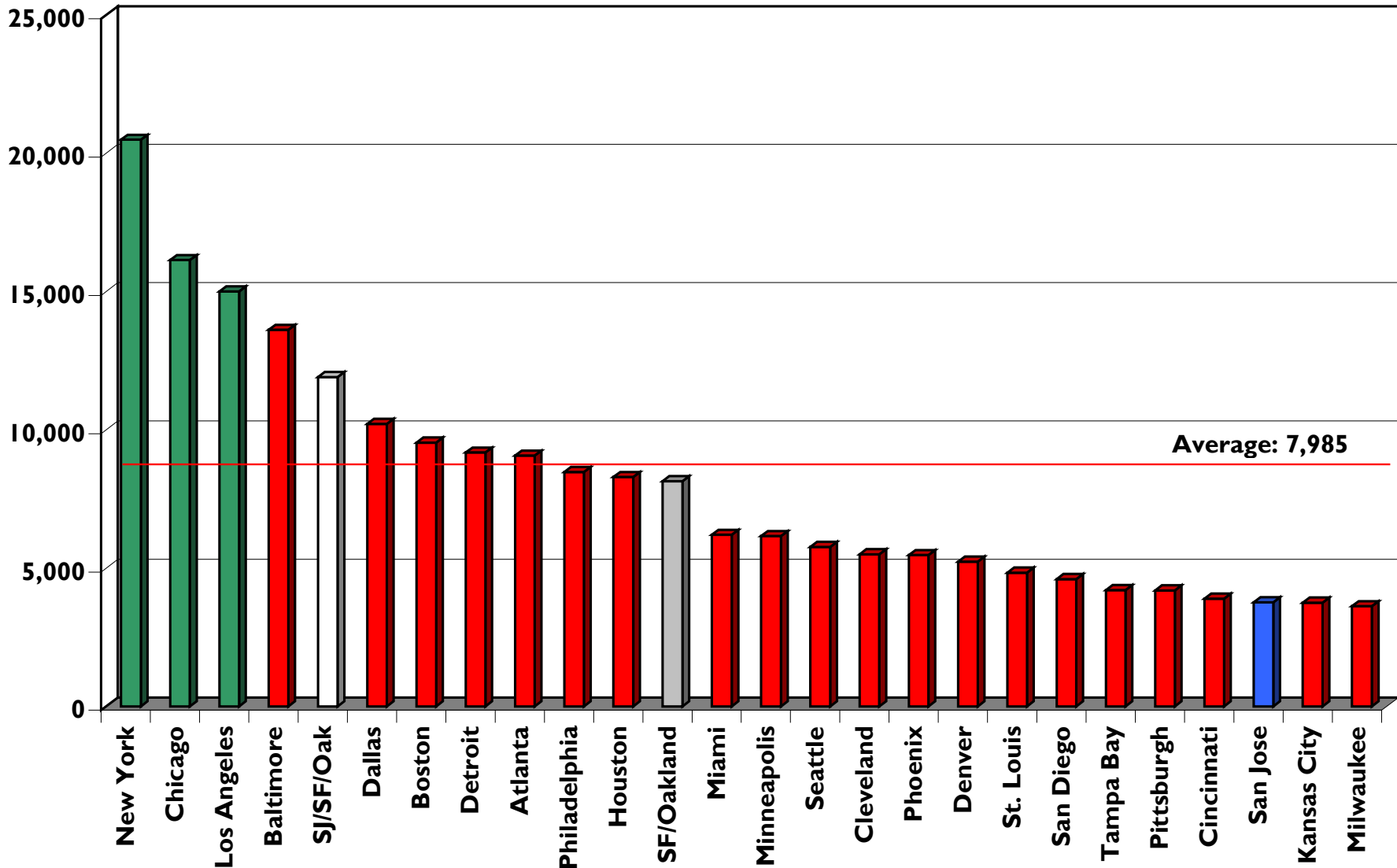
# Corporate Inventory – NBA Markets



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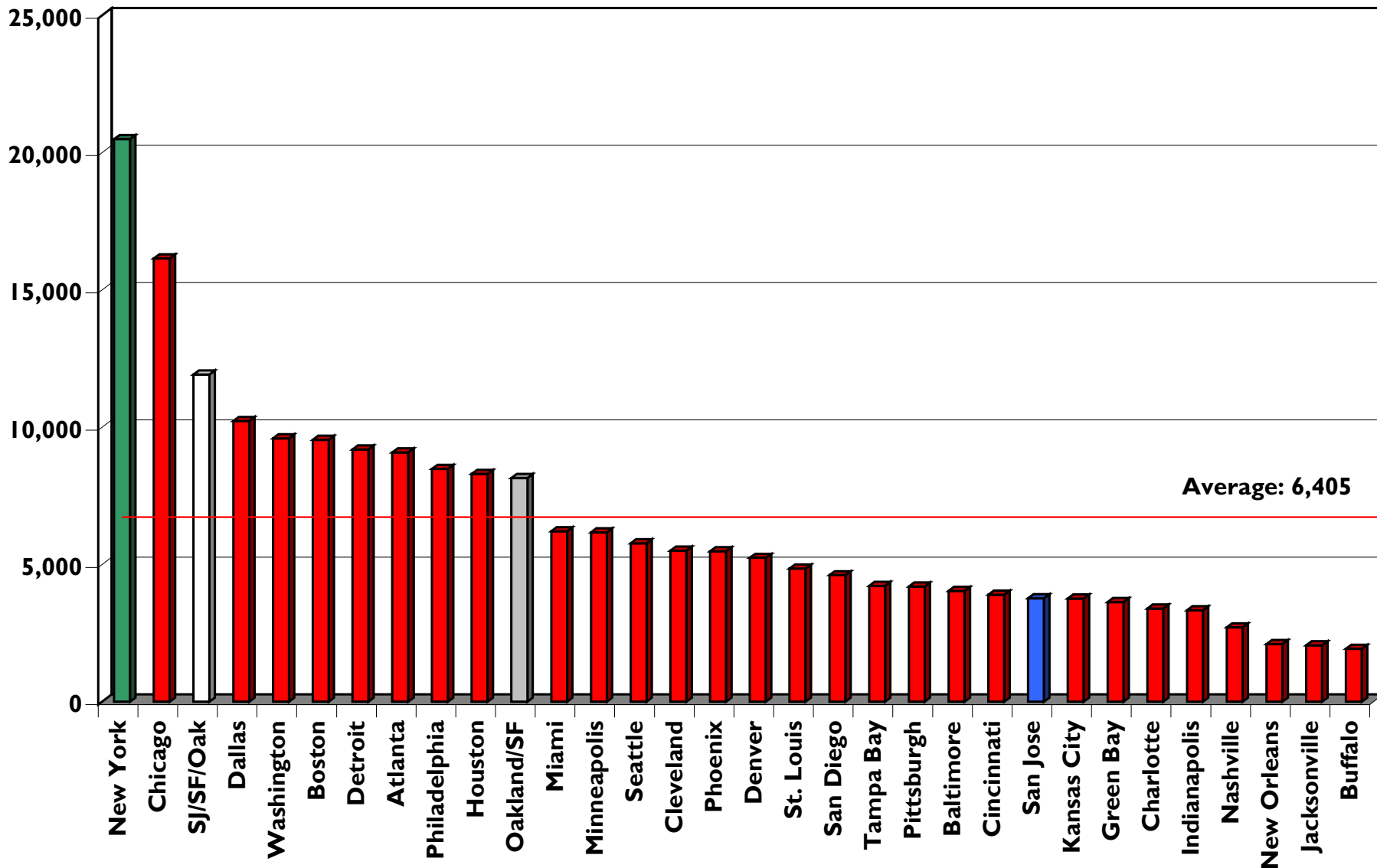


# Corporate Inventory – MLB Markets



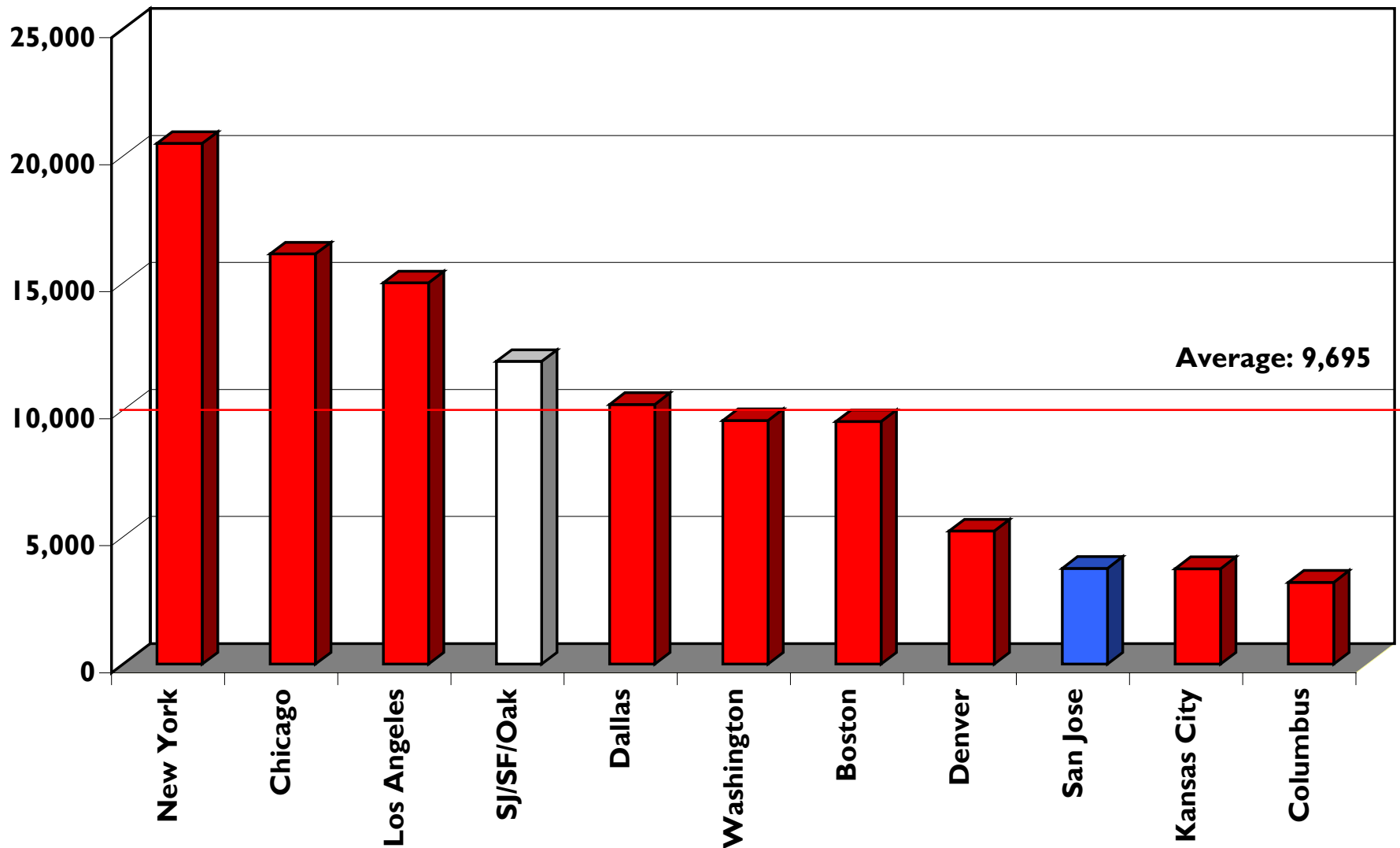
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# Corporate Inventory – NFL Markets



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# Corporate Inventory – MLS Markets



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## **League Overviews**

# National Hockey League Overview

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- The **NHL** began in 1917 with five Canadian franchises and has grown to 30 franchises through aggressive expansion.
- Several of the league's most recent expansions and team relocations have been in the southern U.S. in an effort to broaden the NHL's "footprint" and garner national media and fan interest.
- The most recent expansion occurred in 2000 with franchises placed in Minnesota and Columbus. The associated expansion fees totaled \$80.0 million per team.
- NHL franchises largely rely on local revenues as only a small portion of revenues are shared.
- *Forbes'* 2003 NHL franchise valuations indicate that franchise values range from a low of \$91 million for the Edmonton Oilers, to a high of \$272 million for the New York Rangers. The average franchise value is \$158.6 million and the Sharks were valued at \$137 million.



# National Hockey League Overview (cont.)

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- 23 of the league's current 30 franchises play in buildings opened since 1990, the median facility is eight years old.
- The league's current national television contract with **ABC/ESPN** was signed prior to the 1998-99 season and runs through the current season. The agreement is valued at \$600 million over the contract's five-year term, representing approximately \$5 million per team annually.
- The NHL's **Collective Bargaining Agreement (CBA)** also expires at the end of the current season, with several key issues facing the league, including:
  - The threat of a lockout by ownership if a deal to gain control of escalating player salaries cannot be worked out with the Player's Association.
  - Stability of Canadian franchises that face several disadvantages including: American dollar exchange rates, taxation on arena property and game tickets, a general unwillingness at all levels of government to lend financial assistance to arena construction.

# National Hockey League Overview (cont.)

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- **Decreasing television ratings that are by far the lowest of the four major sports presenting a challenge in the coming negotiations to secure rights fees in line with the current agreement.**
- **Expansion into non-traditional markets has left several franchises struggling to fill arenas, meet operating expenses, and seeking financial assistance and outright sales.**
- **The NHL's last work stoppage occurred in 1994 resulting in the loss of half the season. If a new CBA is not reached prior to next season, a lockout could last an extended period of time.**

# National Basketball Association Overview

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- The NBA began as an 11 team league in 1946, and now has 29 teams located in major metropolitan markets across the U.S. and Canada.
- The league will expand to 30 teams with the addition of the Charlotte Bobcats at the start of the 2004-05 season, marking the league's first expansion since 1995.



- There have been 17 expansion franchises awarded since the league's inception with the latest expansion fee associated with the Charlotte franchise being \$300 million.
- The majority of NBA revenues are derived from local revenues with approximately 30 percent of franchise revenues being shared amongst franchises.



# National Basketball Association Overview (cont.)

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- The most recent 2003 NBA franchise valuations provided by *Forbes* indicate an average value of approximately \$248 million, up from \$167 million in 1999, representing a 10.4 percent annual growth rate.
- By the start of the 2004-05 season, 24 of the league's 30 franchises will play in facilities built since 1990 with five of the remaining six teams considering new or renovated facilities.
- In January 2002, the NBA entered into a six year, \$4.4 billion national media contract which represents an average annual payment of approximately \$24.4 million per team.
- The League's current six-year Collective Bargaining Agreement (CBA) runs through the 2004-05 season. Highlights include:
  - The CBA imposes a cap on individual player salaries based on league seniority and maximum annual percentage increases, providing players a more equalized pay scale and owners greater cost certainty.
  - Team salary caps are equal to 48.04 percent of the next year's total Basketball Related Income (BRI) league-wide, divided by the number of teams in the league.

# National Basketball Association Overview (cont.)

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- Over the last 10 years, the salary cap has increased from approximately \$15.9 million during the 1994-95 season to \$43.8 million last season, representing a 10.7 percent annual growth rate.
- The NBA's cap is characterized as a “soft cap”, meaning certain conditions exist that allow teams to exceed the salary cap related to signing free-agent veterans, rookie signings, the mid-level exception and contracts of disabled players.
- The CBA also institutes a minimum team salary of 75 percent of the current year's salary cap.
- For the first three years of the agreement, the League did not assess penalty taxes when teams violated the cap restrictions.
- In the 2001-02 season, the League initiated a punitive tax system on player and total team salaries.

# National Basketball Association Overview (cont.)

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- **All NBA players are subject to having a portion of their salary (not more than 10%) withheld and placed in escrow pending the calculation of the BRI. If the aggregate player compensation is less than 55% of BRI, players will be refunded the amount in the escrow. However, if the compensation exceeds the BRI percentage, the escrow will be retained by the League and redistributed to the teams.**
- **For teams, the penalty for exceeding the salary limit begins at a higher threshold - 61.1% of BRI for the 2003-2004 season. Once this limit has been met on a League-wide basis, any team exceeding this limit must pay a dollar-for-dollar tax on excess payroll in excess of the cap. Luxury tax payments are redistributed by the NBA Board of Governors.**

# Major League Baseball Overview

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- **MLB is currently comprised of 30 franchises, 28 of which are located in major U.S. markets and two in Canada.**
- **The league went through a period of aggressive expansion in the 1990's, but now is faced with the sale or movement of certain franchises.**
- **Currently MLB is evaluating the relocation of the Montreal Expos who played home games in both Montreal and San Juan during the 2003 season.**
- **During the last few seasons the league has considered the contraction of various teams, however, the CBA has guaranteed the existence of the current 30 franchises through the 2006 season.**
- **The owner of the Montreal Expos purchased the Florida Marlins for \$150 million, while the League took over ownership and control of the Expos.**



# Major League Baseball Overview (cont.)

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- **Other recent team sales have included the Los Angeles Dodgers for an amount that exceeded \$400 million, the Anaheim Angels for a reported \$170 million and a portion of the Tampa Bay Devil Rays.**
- **The League is currently evaluating various potential ownership groups and locations for the disposition of the Expos.**
- **The potential locations include:**
  - **Washington DC**
  - **Northern Virginia**
  - **Hampton Roads / Virginia Beach**
  - **Portland**
  - **Las Vegas**
  - **Monterrey, Mexico**
  - **San Juan, Puerto Rico**

# Major League Baseball Overview (cont.)

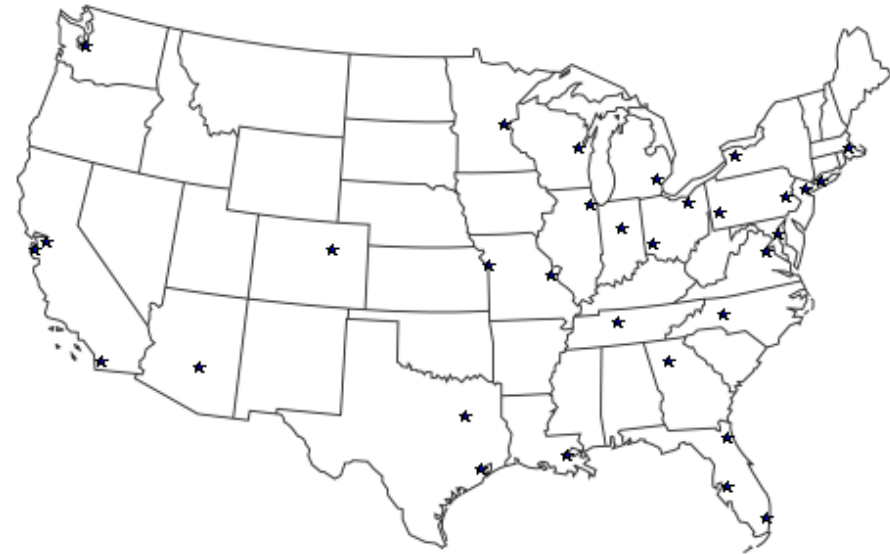
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- The **CBA** between the league and the player's association was signed in 2002 and runs through December 19, 2006. Highlights of the agreement include:
  - 34 percent of local revenues, net of ballpark expenses, are divided equally among all teams.
  - Luxury tax threshold of \$117 million in 2003, \$120.5 million in 2004, \$128 million in 2005, and \$136.5 million in 2006. Upon reaching the threshold, teams are subject to a luxury tax rate on a sliding scale related to number of offenses.
  - The minimum salary was set at \$300,000 in 2003 and 2004, with cost of living adjustments made in 2005 and 2006.
  - Franchises agree to maintain 30 teams through the 2006 season and may then elect to contract two teams for the 2007 season.

# National Football League Overview

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- In 1922, the **American Professional Football Association (APFA)** changed its name to the **National Football League (NFL)**. The league fielded 18 teams in its inaugural season and has since grown to include 32 franchises located in major metropolitan markets across the U.S.



- The most recent addition to the league is the **Houston Texans** whose ownership paid a \$700 million expansion fee to begin play during the 2002 season.
- **NFL** teams share more than 80 percent of all team revenues.
- According to the 2003 *Forbes* valuations, **NFL** franchise values range from a low of \$505 million for the **Arizona Cardinals** to a high of \$952 million for the **Washington Redskins** with an average value of approximately \$628 million.

# National Football League Overview (cont.)

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- The NFL's current eight-year \$17.6 billion national television contract runs through the 2005 season representing annual payments of approximately \$77 million per team.
- The NFL is the only professional sports league to participate in stadium construction through their G-3 program.
- The current CBA between the NFL and the Player's Association runs through the 2004 season, highlights include:
  - Team salary caps are based on a percentage of the league's Defined Gross Revenues (DGR). The player's share for the 2003 season was set at 64.25 percent, representing a maximum payroll of \$75 million.
  - Equal team revenue sharing of national television contracts and 40 percent of all gate receipts.
- Due to the NFL's promotion of franchise parity, the league has successfully established itself across markets of all sizes.



# Major League Soccer Overview

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- The **MLS** was established as a requirement to host the **1994 World Cup** in the **U.S.**
- The League's inaugural season was **1996** with **10** initial franchises.
- The league requires that each team have **single-entity ownership** and **local investor-operators**.
- In **1998**, the league added two expansion teams in **Chicago** and **Miami** bringing the **MLS** to **12** total franchises.
- Prior to the **2002** season, the league contracted the franchises in **Miami** and **Tampa Bay**, returning to the initial ten team format.
- The **MLS** is currently exploring opportunities for a national media contract, up to this point, all league programming has been timed buys.



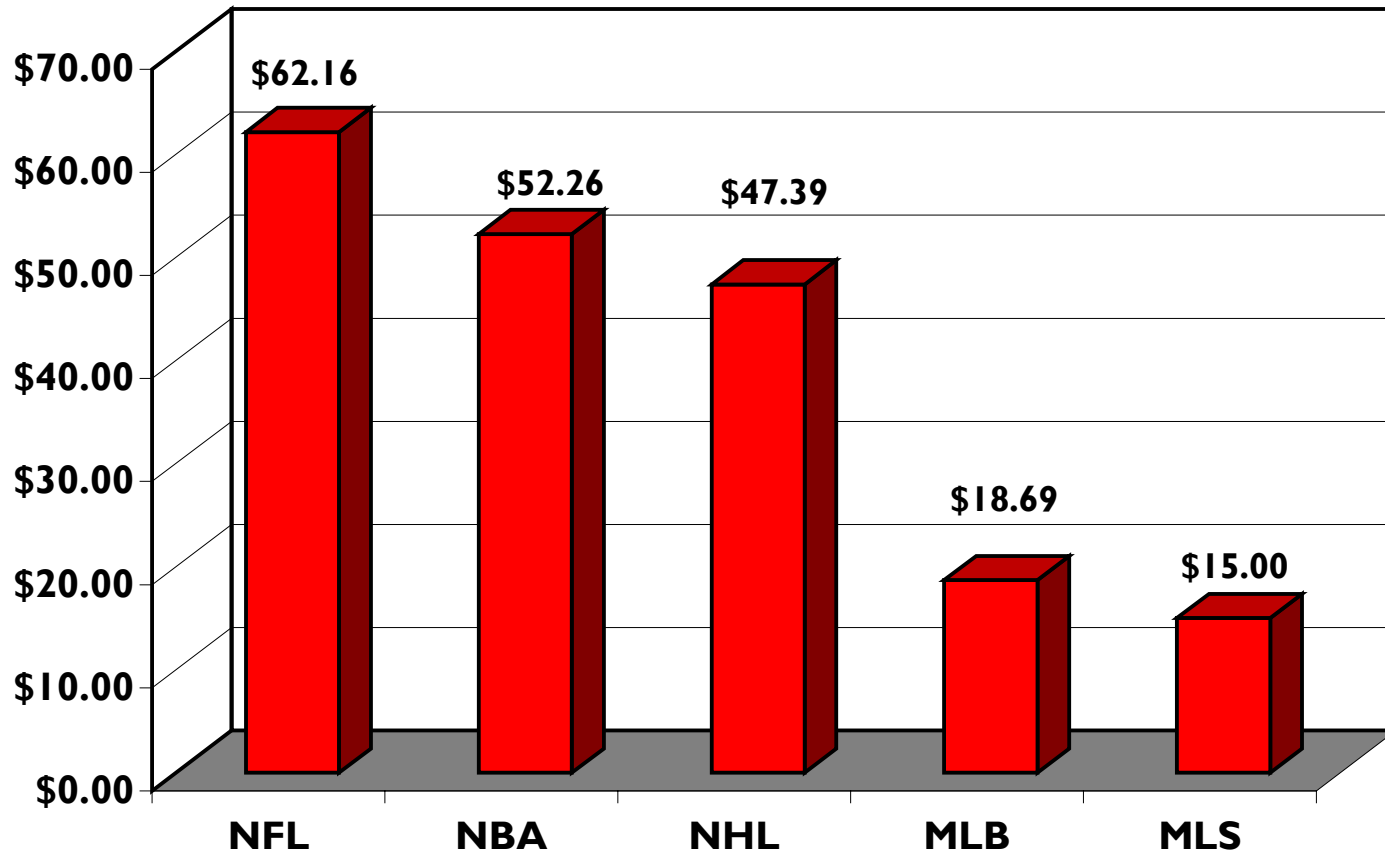
# Major League Soccer Overview (cont.)

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- The league has announced tentative plans to expand by up to four teams by 2007. The fifteen cities rumored to have interest in MLS expansion include:
  - Atlanta
  - Cleveland
  - Houston
  - Minneapolis-St. Paul
  - Milwaukee
  - New York
  - Oklahoma City
  - Philadelphia
  - Piedmont Triad
  - Portland
  - Rochester
  - Sacramento
  - San Diego
  - Seattle
  - Tulsa
- The proliferation of soccer-specific stadiums in Columbus and Los Angeles has been cited as a key to continued financial stability for these teams, leading the Chicago, Dallas and New York franchises to explore facility development.

# Average Ticket Price Summary Summary

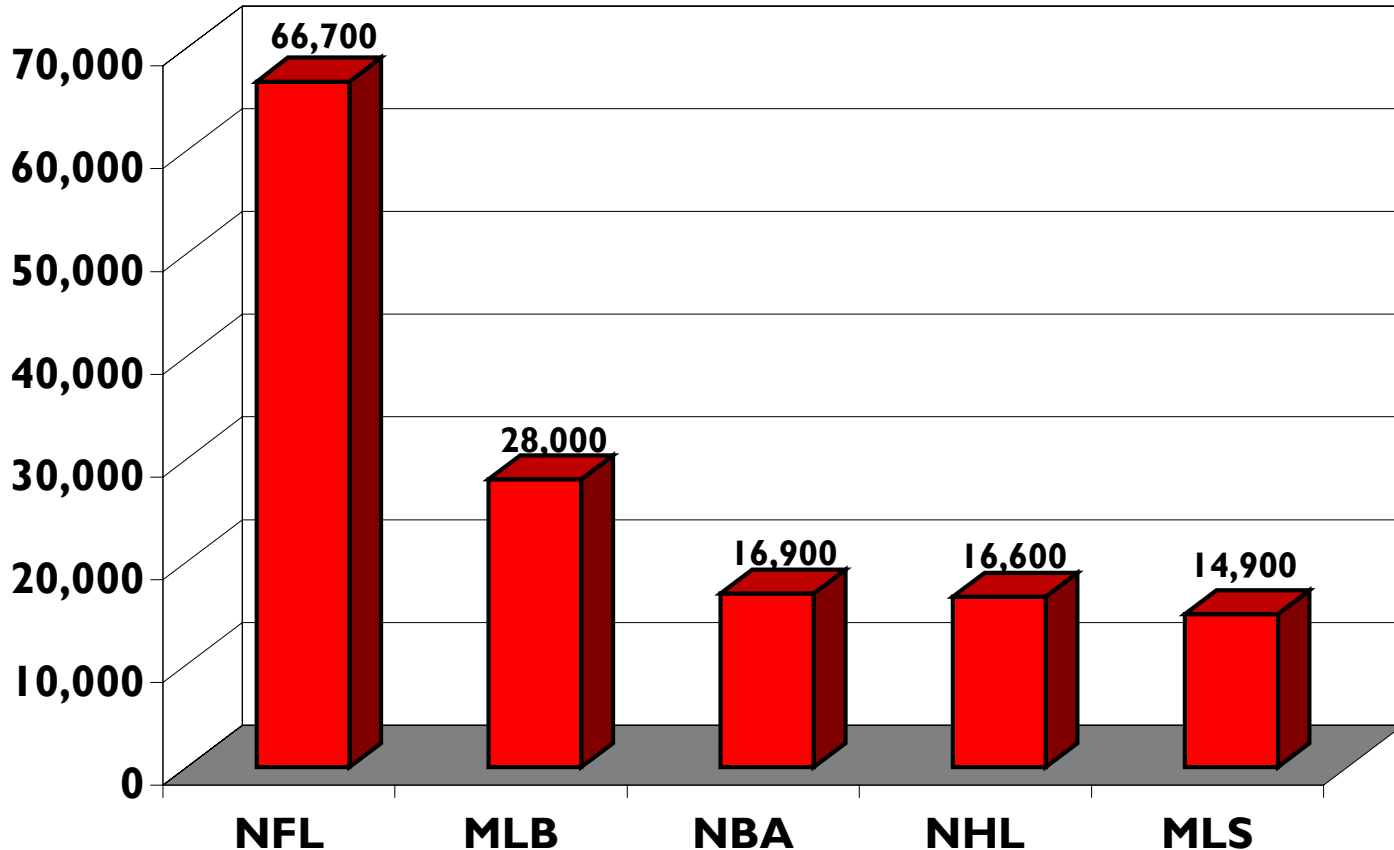
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# Average Per Game Attendance Summary

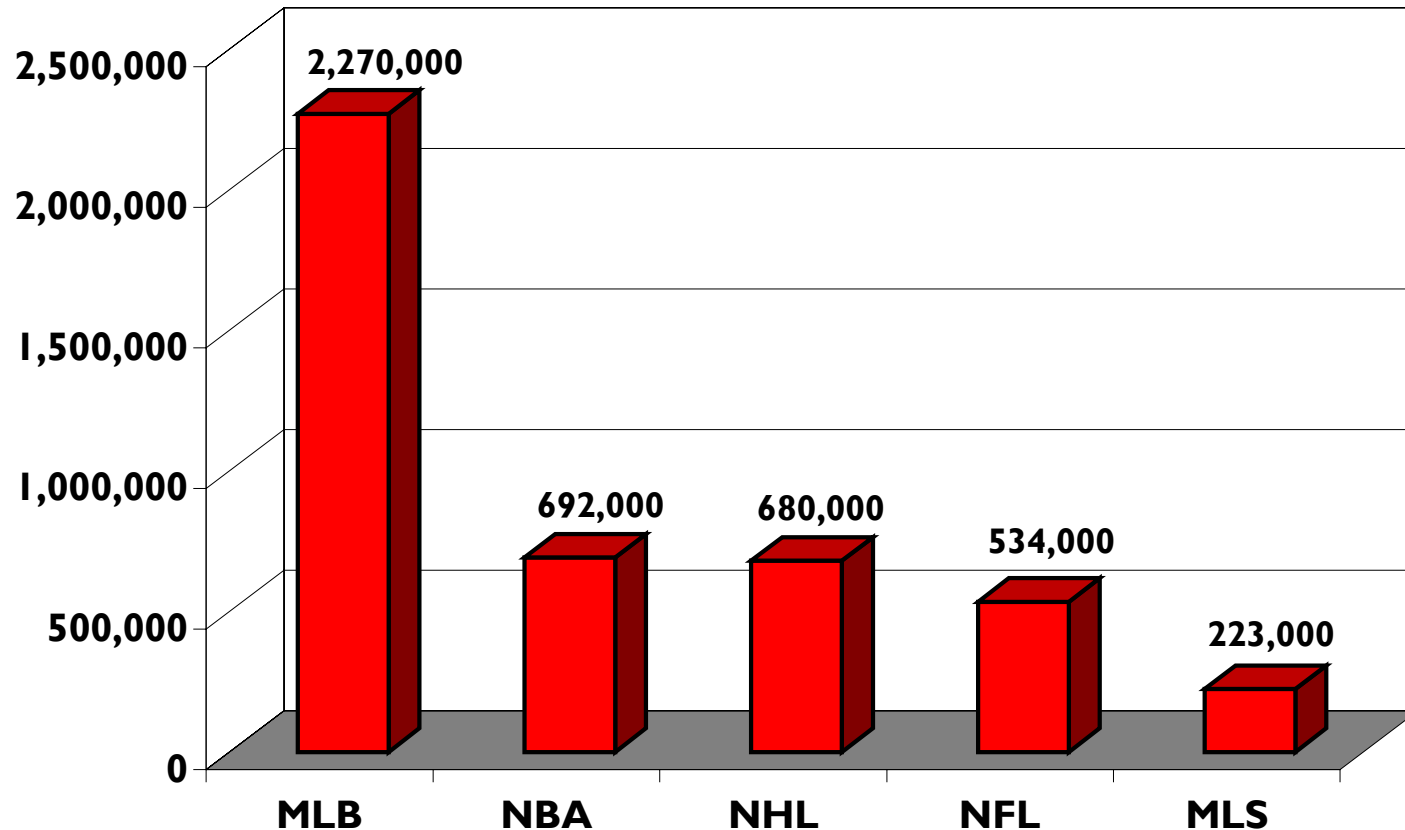
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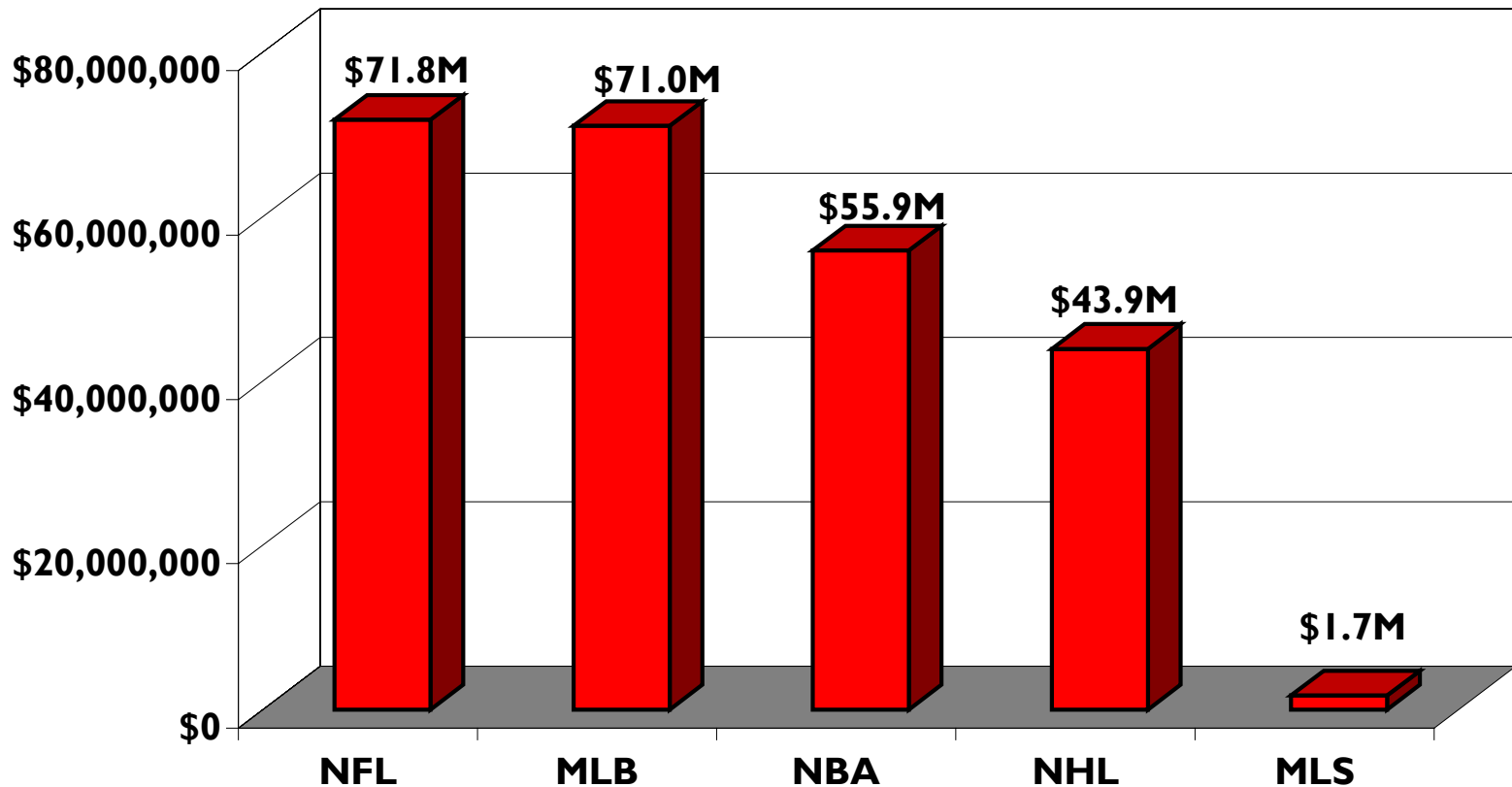
# Average Annual Attendance Summary

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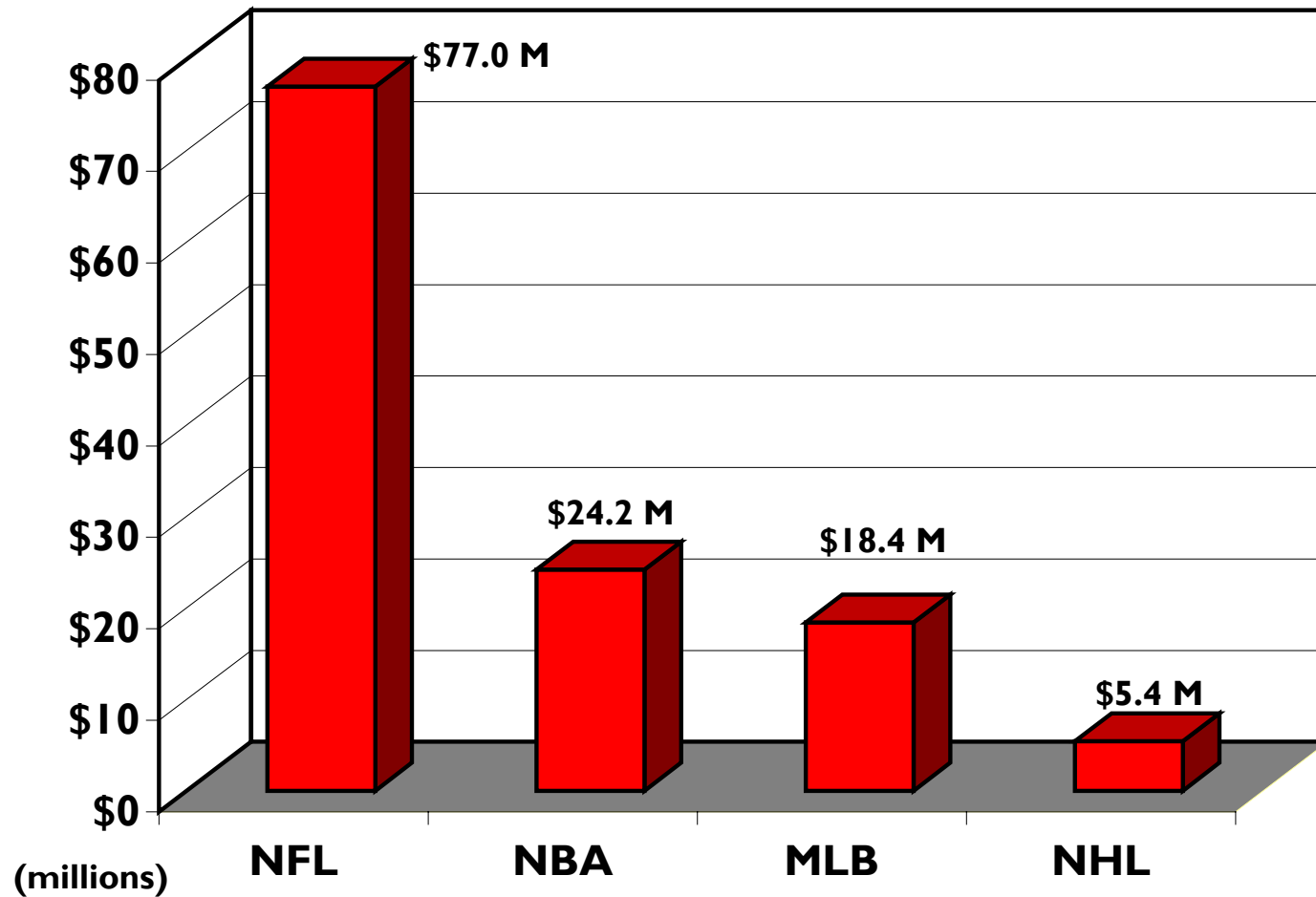
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# Average Team Payroll Summary



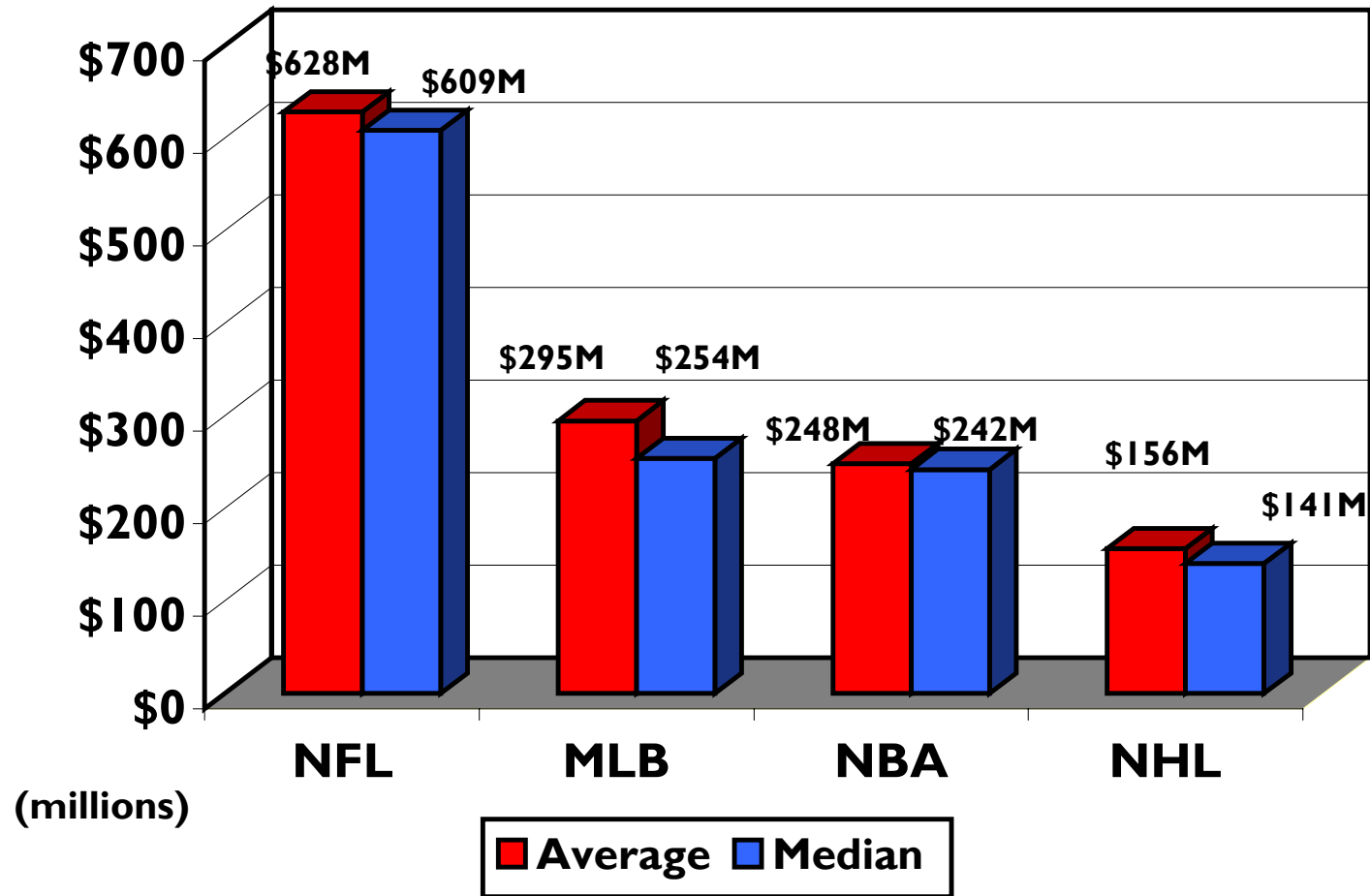
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# Television Revenues Per Team



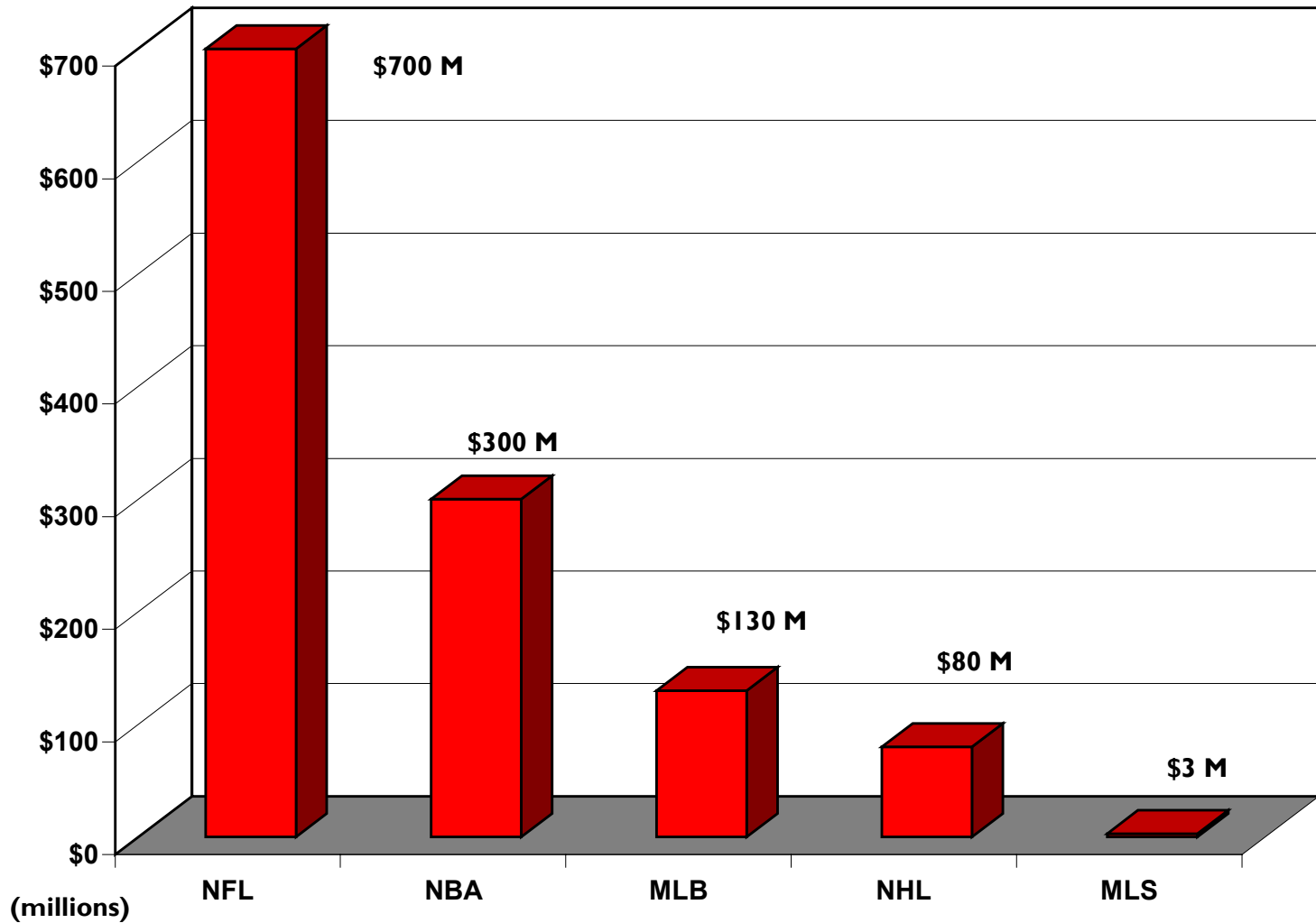
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# Average Franchise Value





# Average Expansion Franchise Fee



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# Summary

Variable	NHL	NBA	MLB	NFL	MLS
Number of Teams	30	30	30	32	10
Number of Home Games	41	41	81	8	15
Average Ticket Price <sup>(1)</sup>	\$47.39	\$52.26	\$18.69	\$62.16	\$15.00
Average Per Game Attendance <sup>(1)</sup>	16,600	16,900	28,000	66,700	14,900
Average Annual Attendance <sup>(1)</sup>	680,000	692,000	2,270,000	534,000	223,000
Average Team Payroll <sup>(2)</sup>	\$43,887,000	\$55,858,000	\$71,029,000	\$71,769,000	\$1,700,000
Average Player Salary <sup>(2)</sup>	\$1,800,000	\$3,700,000	\$2,372,000	\$1,259,000	\$60,700
National TV Revenue Per Team	\$5,400,000	\$24,200,000	\$18,400,000	\$77,000,000	n/a
Median Franchise Value <sup>(3)</sup>	\$140,500,000	\$242,000,000	\$254,000,000	\$608,500,000	n/a
Latest Expansion Franchise Fee	\$80,000,000	\$300,000,000	\$130,000,000	\$700,000,000	\$3,000,000

<sup>(1)</sup> Values represent the most recent completed season

<sup>(2)</sup> Values represent the most recent data available

<sup>(3)</sup> Source: Forbes

## San Jose Sports Facility Task Force

# **Facility Development Overview**

# Facility Development Funding

Franchise	Year Opened	Total Cost	Private Funding	Public Funding	Percent Private	Percent Public
<i>National Hockey League</i>						
Xcel Energy Center	2000	\$170.0	\$125.8	\$44.2	74%	26%
Nationwide Arena	2000	166.0	149.4	16.6	90%	10%
Gaylord Entertainment Center	2000	157.6	0.0	157.6	0%	100%
RBC Center	1999	176.3	56.4	119.9	32%	68%
<b>NHL Average</b>		<b>\$167.5</b>	<b>\$82.9</b>	<b>\$84.6</b>	<b>49%</b>	<b>51%</b>
<i>National Basketball Association</i>						
New Charlotte Arena	2004	\$265.0	\$34.5	\$230.6	13%	87%
Toyota Center	2003	234.0	114.7	119.3	49%	51%
SBC Center	2002	176.8	42.4	134.4	24%	76%
American Airlines Arena	1999	283.4	138.9	144.5	49%	51%
Conseco Fieldhouse	1999	212.0	67.8	144.2	32%	68%
<b>NBA Average</b>		<b>\$234.2</b>	<b>\$79.6</b>	<b>\$154.6</b>	<b>33%</b>	<b>67%</b>
<i>NHL/NBA Facilities</i>						
American Airlines Center	2001	\$422.0	\$307.0	\$115.0	73%	27%
Philips Arena	1999	240.6	168.4	72.2	70%	30%
Pepsi Center	1999	164.5	159.6	4.9	97%	3%
Staples Center	1999	376.0	304.6	71.4	81%	19%
Air Canada Centre	1999	265.0	265.0	0.0	100%	0%
<b>NBA/NHL Average</b>		<b>\$293.6</b>	<b>\$240.9</b>	<b>\$52.7</b>	<b>84%</b>	<b>16%</b>
<i>Major League Soccer</i>						
Chicago Fire Stadium	2006	\$70.0	\$0.0	\$70.0	0%	100%
Dallas Burn Stadium	2005	65.0	10.0	55.0	15%	85%
Home Depot Center	2003	60.0	n/a	n/a	n/a	n/a
Crew Stadium	1999	31.0	31.0	0.0	100%	0%
<b>MLS Average</b>		<b>\$56.5</b>	<b>\$13.7</b>	<b>\$41.7</b>	<b>38%</b>	<b>62%</b>

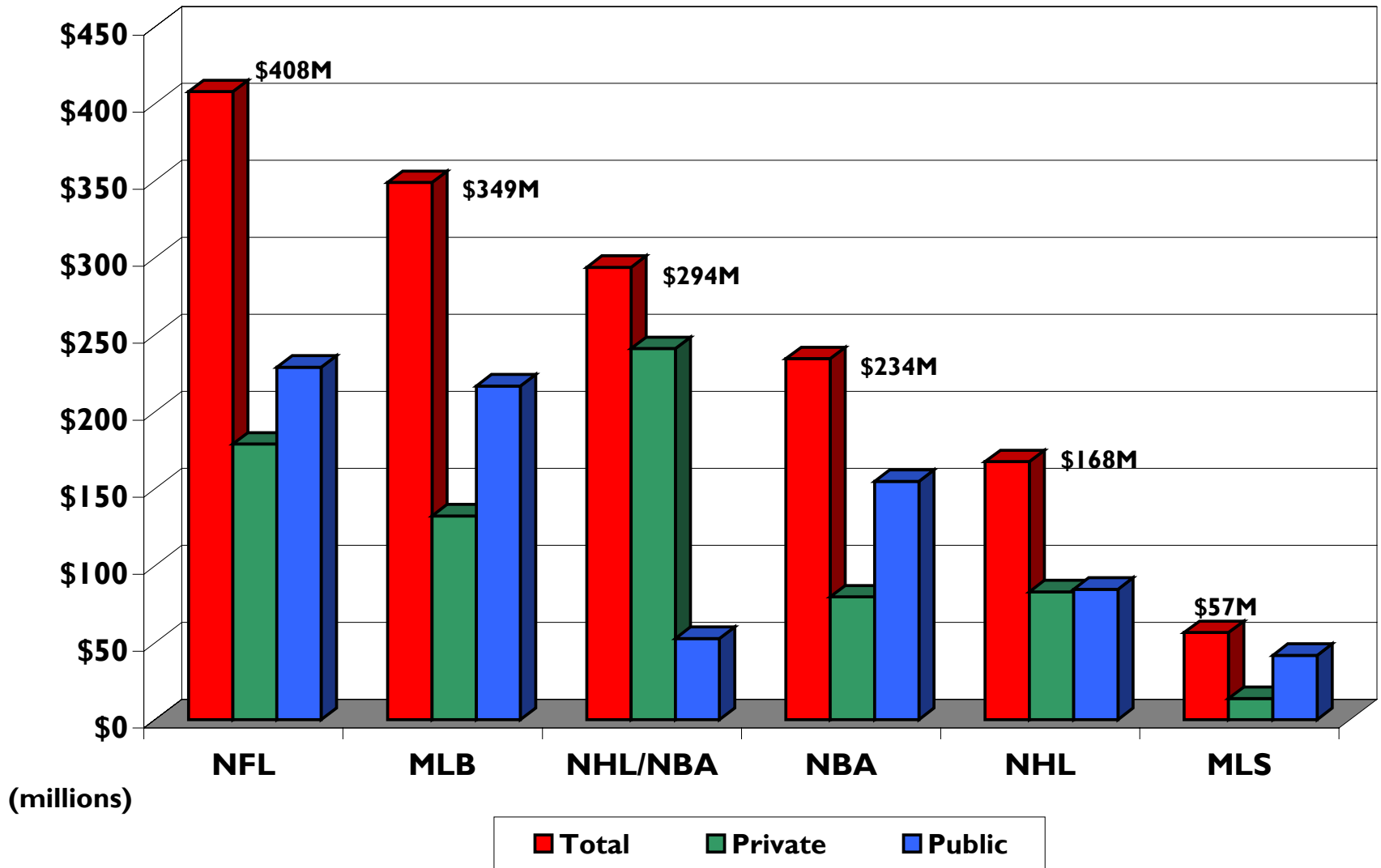
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# Facility Development Funding (cont.)

Franchise	Year Opened	Total Cost	Private Funding	Public Funding	Percent Private	Percent Public
<i>Major League Baseball</i>						
New St. Louis Stadium	2006	\$388.0	\$300.5	\$87.5	77%	23%
Citizens Bank Ballpark	2004	462.0	200.5	261.5	43%	57%
Petco Park	2004	456.8	93.7	363.1	21%	79%
Great American Ballpark	2003	296.7	29.7	267.0	10%	90%
Miller Park	2001	295.0	47.2	247.8	16%	84%
PNC Park	2001	228.6	38.9	189.7	17%	83%
Minute Maid Park	2000	299.0	77.7	221.3	26%	74%
Pac Bell Park	2000	290.0	275.5	14.5	95%	5%
Comerica Park	2000	260.0	145.6	114.4	56%	44%
Safeco Field	1999	511.0	112.4	398.6	22%	78%
<b>MLB Average</b>		<b>\$348.7</b>	<b>\$132.2</b>	<b>\$216.5</b>	<b>38%</b>	<b>62%</b>
<i>National Football League</i>						
New Cardinals Stadium	2006	\$434.0	\$162.0	\$272.0	37%	63%
Soldier Field Renovation	2003	587.0	200.0	387.0	34%	66%
Lincoln Financial Field	2003	518.0	330.0	188.0	64%	36%
Lambeau Field Renovation	2003	295.2	126.1	169.1	43%	57%
Reliant Stadium	2002	449.0	255.0	194.0	57%	43%
Seahawks Stadium	2002	461.3	161.0	300.3	35%	65%
Gillette Stadium	2002	412.0	339.9	72.1	83%	18%
Ford Field	2002	440.0	335.0	105.0	76%	24%
Invesco Field at Mile High	2001	400.8	126.7	274.1	32%	68%
Heinz Field	2001	280.8	109.2	171.6	39%	61%
Paul Brown Stadium	2000	449.8	25.0	424.8	6%	94%
Cleveland Browns	1999	281.0	71.1	209.9	25%	75%
The Coliseum	1999	291.7	84.9	206.8	29%	71%
<b>NFL Average</b>		<b>\$407.7</b>	<b>\$178.9</b>	<b>\$228.8</b>	<b>43%</b>	<b>57%</b>

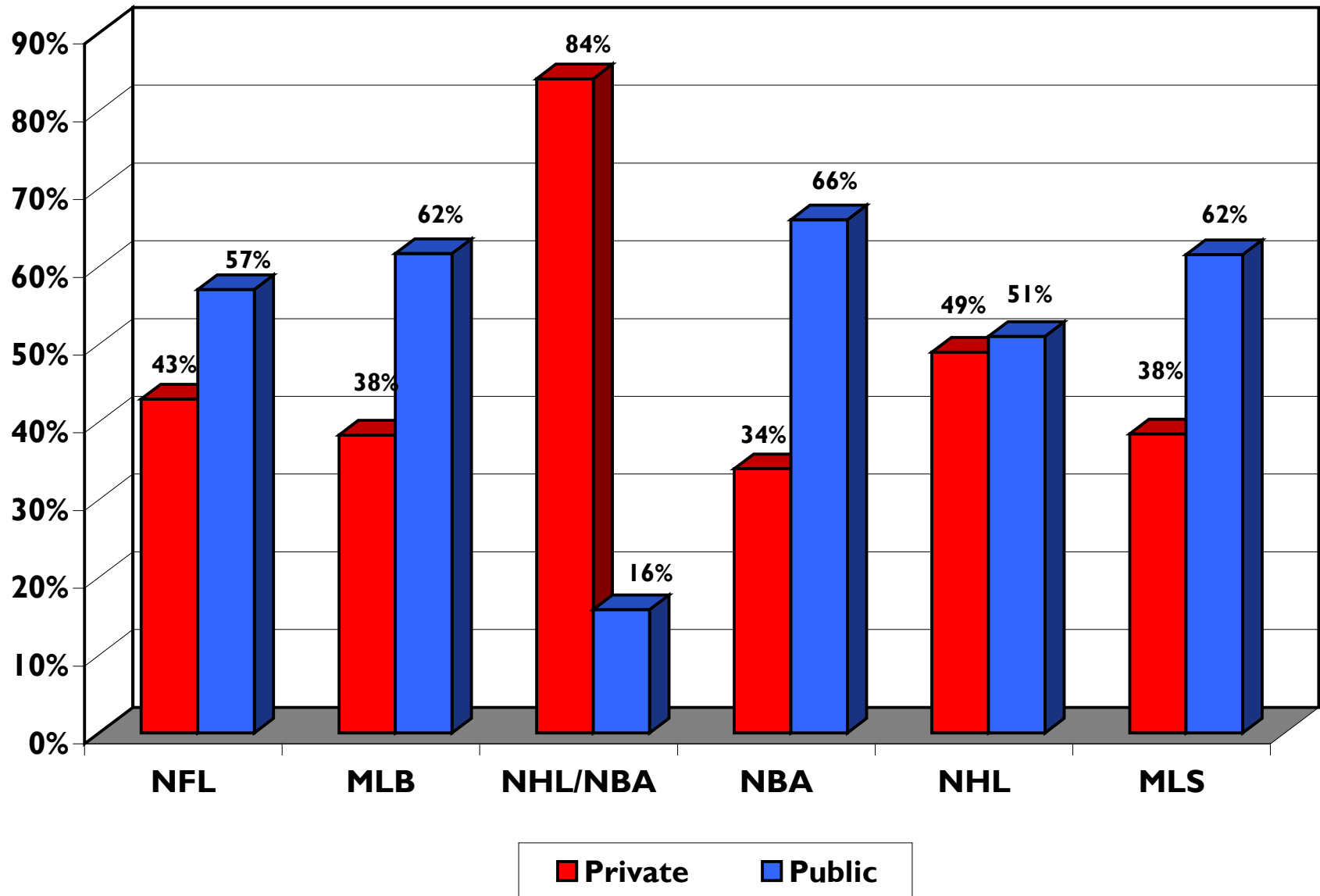
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# New Facility Funding Summary



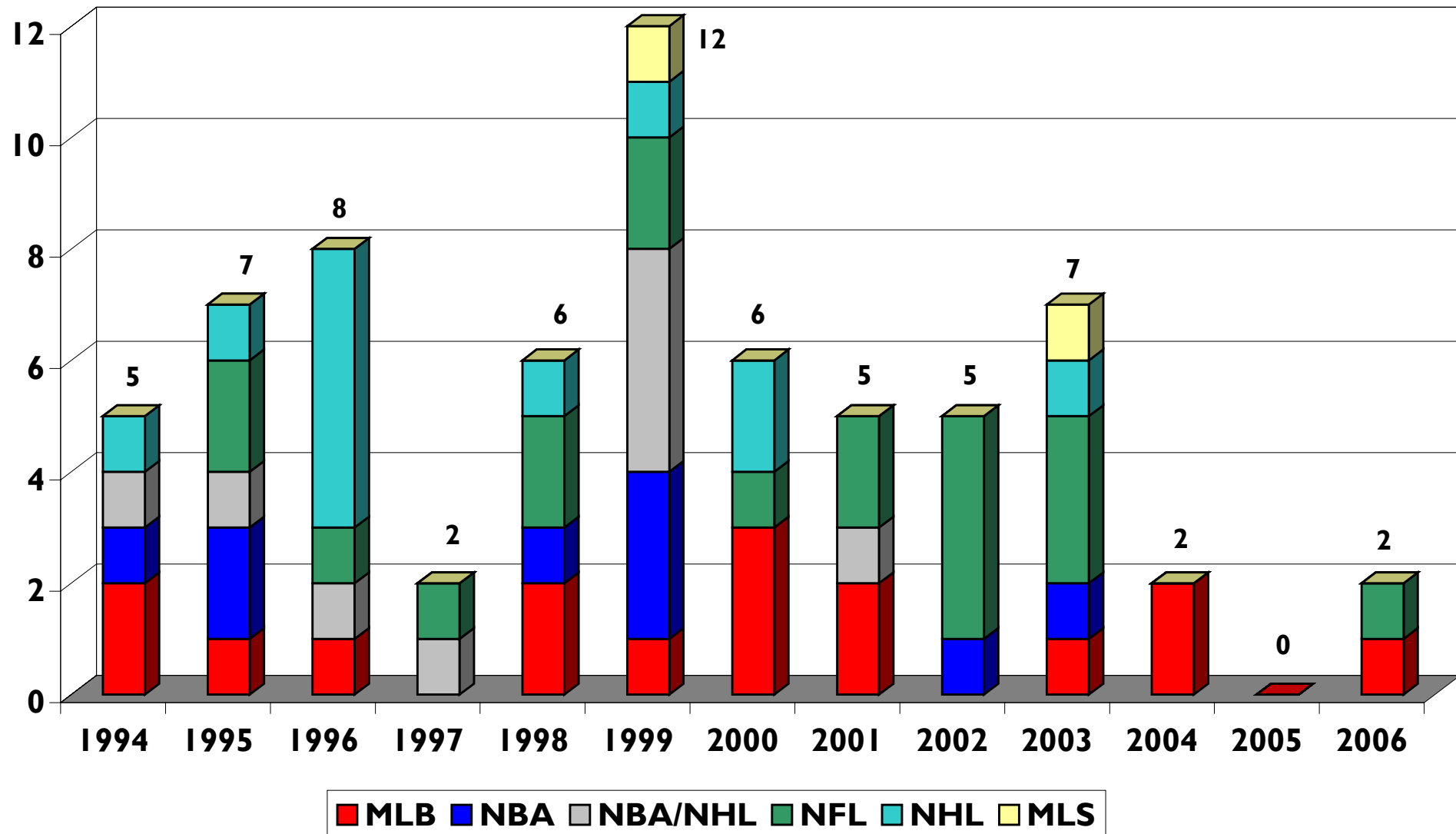
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# Percentage of Public/Private Facility Funding



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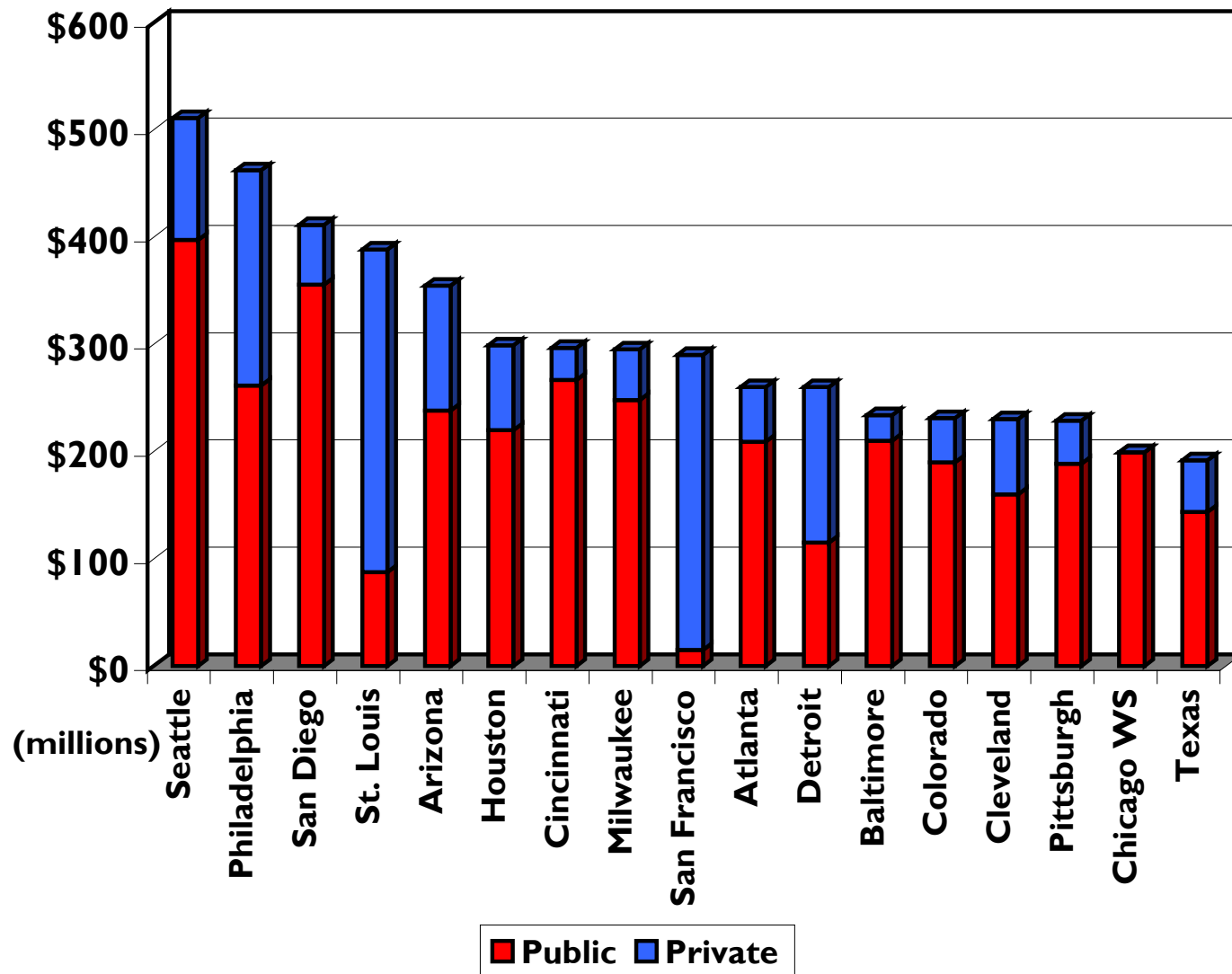
# Facility Development Trends



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# Public/Private Funding Mix of Recent MLB Stadiums



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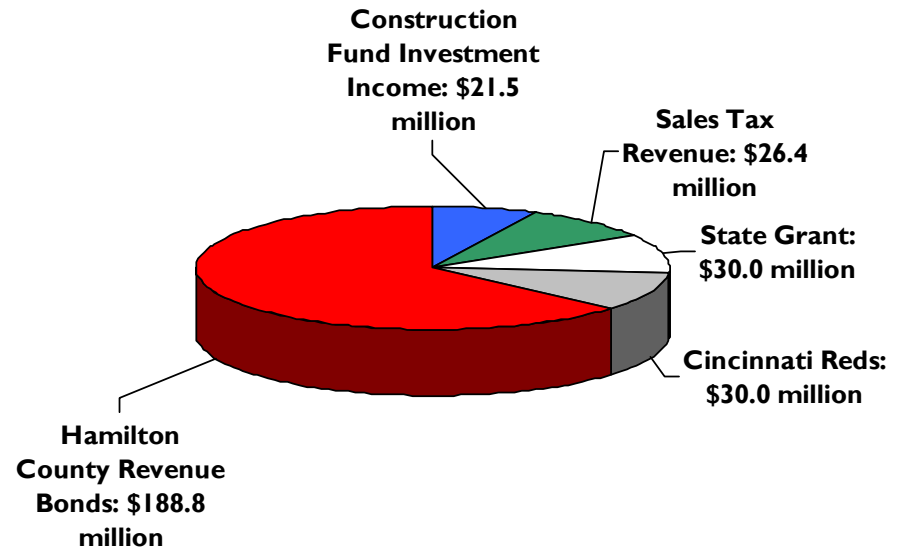
# Great American Ballpark (2004) Case Study

<b>Team, City, State:</b>	Cincinnati Reds (MLB), Cincinnati, Ohio
<b>General Description:</b>	The new baseball-only stadium is expected to be completed by the 2003 season. It is anticipated that the new ballpark will contain approximately 45,000 seats, including 3,000 club seats and approximately 51 private suites. The facility will be owned by Hamilton County and operated by the Reds.
<b>Public Participation:</b>	Hamilton County issued \$188.8 million in revenue bonds backed by sales tax revenues to assist in funding the project. The State of Ohio contributed \$30 million in the form of a grant to help fund project costs. Approximately \$26.4 million in sales tax revenue was generated to finance ballpark and related construction costs. Approximately \$21.5 million in revenues from Construction Fund Investment Income will assist in financing the project.
<b>Private Participation:</b>	The Cincinnati Reds agreed to contribute \$30.0 million to project costs. The Team shall rely on revenues from one or more of the following sources to generate the \$30.0 million: (a) sale of concession rights, (b) revenues from sales of luxury suites, (c) sale of charter ownership agreements, (d) sale of stadium naming rights and (e) sale of advertising, broadcast and signage rights.

**Total Project Cost:**  
**\$296.7 million**

**Public Participation:**  
**90%**

**Private Participation:**  
**10%**



# Great American Ballpark (cont.)

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***Ticket Taxes:*** Not applicable.

***Property Taxes:*** Not applicable.

***General Lease Terms:*** It is currently anticipated that the Team will lease the facility from the County for a period of 30 years. The Team shall pay the County \$2.5 million annually for the first nine years of the lease. The Team shall pay to the County annual payments of \$1.00 for the remaining 21 years of the agreement. The County and Team shall engage a national promotional firm to book other suitable events at the stadium. Net revenue generated from such events shall be divided 50 percent each between the Team and the County. The Team shall be responsible for all costs related to the operation, maintenance and ordinary repairs to the stadium. The County shall be responsible for all costs related to the capital repairs/improvements to the stadium during the term. The County shall deposit \$1 million into a Capital Reserve Account annually to cover such related costs. In addition to the Capital Reserve Account, the County shall establish a reserve fund to reimburse the Team for certain operating maintenance expenses of the stadium. The County's contribution to the O&M Reserve shall be \$500,000 for the first year and shall escalate at five percent per annum each subsequent year.

***Other Development/Lease Issues:*** There will be three public improvement projects affiliated with the construction of the new Cincinnati Reds and Cincinnati Bengals stadiums. The first of these projects is a parking structure, which will be owned and operated by Hamilton County. Approximately \$108.5 million will be allocated to the development surrounding the parking structure. The second improvement is a floodwall which will require \$17.0 million in funding to complete. There are also approximately \$9.9 million in street improvements and street relocations which are required to complete the stadium projects.

***Voter Referendum Language:*** "Shall the resolution of the Board of County Commissioners of Hamilton County enacting a one-half of one percent sales and use tax be approved."

**For**

**150,793 61.48%**

**Against**

**94,478 38.52%**

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## **San Jose Sports Facility Task Force**

# Petco Park (2004) Case Study

**Team, City, State:** San Diego Padres (MLB), San Diego, California

**General Description:** On November 3, 1998, the voters of San Diego approved Proposition C which approved the City's share of a new \$457 downtown ballpark. The ballpark will be a part of a larger Ballpark District, featuring offices, retail, hotels, and residential units. The facility will be owned by both the City (30%) and the Padres (70%) and operated by the Padres. The ballpark will contain 42,000 seats with the introduction of standing room and lawn seating opportunities increasing the capacity to 46,000.

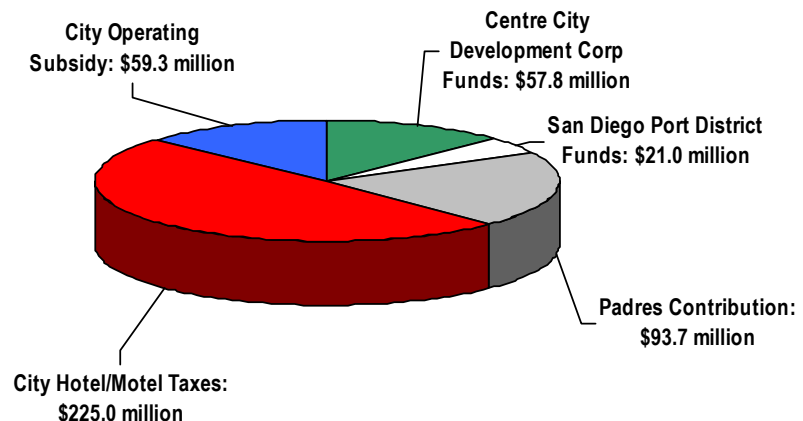
**Public Participation:** The City of San Diego will issue \$225 million in municipal bonds secured by hotel/motel taxes. The Centre City Development Corporation will provide \$57.8 million from existing funds and tax increment revenues generated by the ballpark and redevelopment project while the San Diego Unified Port District will contribute \$21 million. In addition, the City has committed to provide the Padres with 30 percent of the stadium's annual operating expenses not to exceed \$3.5 million, increased annually for CPI. It is estimated that this commitment provides approximately \$59.3 million.

**Private Participation:** The Padres are committed to providing \$153 million to the project. The funds used by the Padres may include the typical monies generated by MLB teams, but may also include developer rights fees for the additional development, private franchise utility contributions for utility relocations and private donations. In addition, as noted above, the City's operating subsidy effectively reduces the team's commitment to \$93.7 million.

**Total Development Costs:**  
**\$456.8 million**

**Public Participation:**  
**79%**

**Private Participation:**  
**21%**



# Petco Park (cont.)

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**Admission Taxes / Sales Taxes:** not available

**Property Taxes:** Property taxes will be applicable on the Padres ownership interest in the ballpark.

**General Lease Terms:** In return for full operating control of the stadium, the Padres are responsible for all routine operating expenses related to the stadium except for structural repair and maintenance. The City will provide the Padres with 30% of the annual operating expenses, not to exceed \$3.5 million. In terms of rent, the Padres will pay the City \$500,000 per annum inflating annually.

The City will have the right (without rental obligation) to hold or authorize City/3rd party events on 240 dates per year, while the Padres will have the right to hold Padres events (including games, concerts, fantasy camps, etc.) on 125 dates each year. The City will receive all revenue from City-related events.

The first \$5.0 million in ballpark construction cost savings will be deposited into a capital improvement fund. The first \$250,000 of net parking revenue generated each year through public use at nonevent times of the year will be deposited into the fund. The Padres will advance funds for improvement costs which are exceed the balance in the fund, with reimbursement the next year as the first draw against the City's annual deposit. Cost overruns for the facility development are the responsibility of the Padres.

**Other Development / Lease Issues:** The Padres through a (Master Developer) will commit to arrange for specific other development in the ballpark area. Specifically, the development must generate revenue to the City from transient occupancy taxes and property taxes equivalent to a 150-room, extended-stay hotel, 700 additional hotel rooms, office complexes with at least 600,000 gross square feet, retail development with at least 150,000 gross square feet and associated parking. The development must be completed by April 2002.

The Padres provided protection for the City for 10 years on the receipts from tax on hotel rooms if growth is less than 8% over a three-year running average.

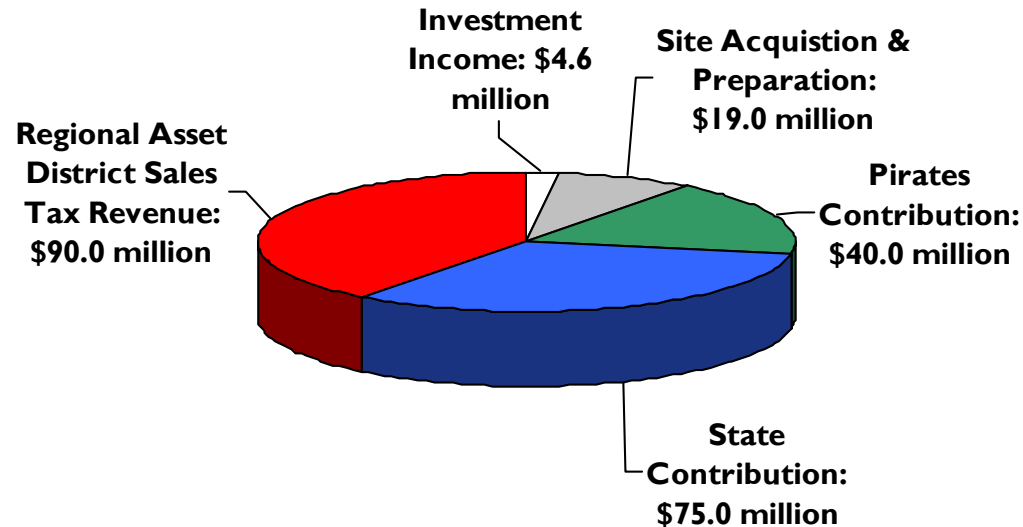
# PNC Park (2001) Case Study

- Team, City, State:** Pittsburgh Pirates (MLB), Pittsburgh, Pennsylvania
- General Description:** PNC Park will open in 2001 and will be owned by the Public Auditorium Authority of the City of Pittsburgh and Allegheny County and operated by the Pirates. The park will be one of the smallest stadiums in MLB providing slightly under 40,000 seats, 69 private suites, 2,500 club seats and 400 field club seats located directly behind home plate.
- Public Participation:** The public funding portion of the entire \$803 million project will be provided by a number of sources including State, County and Federal revenues. With regard to the Pirates ballpark, the Regional Asset District will provide \$90.0 million from sales tax revenue, while the State will contribute \$75 million. Project interest income will provide an additional \$4.6 million. In addition, the PAA funded through a variety of other sources, \$19.0 million has been committed for site acquisition and preparation.
- Private Participation:** The Pittsburgh Pirates will contribute \$40.0 million toward the construction of the new facility. The Pirates have received bank financing from Fleet with regard to their commitment. However, the team will be generating other upfront funds from a limited number of PSLs, premium seating deposits and vendor financing.

**Total Development Costs:**  
**\$228.6 million**

**Public Participation:**  
**83%**

**Private Participation:**  
**17%**



# PNC Park (cont.)

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**Admission Taxes / Sales Taxes:**

Applicable taxes include a 5% City amusement tax.

**Property Taxes:**

Property taxes are not applicable since the facility is publicly owned.

**General Lease Terms:**

In return for full operating control of the stadium, the Pirates are responsible for all routine operating expenses related to the stadium except for structural repair and maintenance. In terms of rent, the Pirates will pay the Regional Asset District \$100,000 per annum. In addition, the Pirates will pay the District 5% of ticket revenue in excess of \$44.5 million (inflating) and 10% of ticket revenue in excess \$52.5 million (inflating). The Pirates will also pay the District a percentage of concession revenue, depending on the effective sales per capita and team allocation. Specifically, the Pirates will pay the District 5% of any revenue received in excess of a 42 percent allocation and 10 percent of any revenue received in excess of 45 percent. The Pirates will also pay the District 5% of any revenue in excess of a \$9.00 per capita (adjusted for inflation).

The Pirates will contribute \$300,000 per annum for capital repairs, while the District will contribute \$700,000. The District will be responsible for any expenditures in excess of the capital reserve.

**Other Development / Lease Issues:**

Cost overruns for the facility development are the responsibility of the Pirates. After the first 10 years of the term, the Pirates will be obligated to pay 1/3 of the States contribution unless the State has received \$25 million over the term from a variety of State tax revenues including personal income, sales and use taxes. The Pirates have the same obligations for each of the subsequent 10 year periods.

# Home Depot Center Case Study

- Opening June 2003
- Location: Carson Hills, CA (Los Angeles)
- Components: 20,000-seat stadium
- Cost: \$60.0 million - soccer stadium only  
\$130.0 million - total complex
- Annual events: est. 30
- Annual attendance: approx. est. 425,000
- Other complex components:

Tennis Stadium

Track and Field Complex

Velodrome

Jogging Trail

Sports Medicine/Therapy Center

Gymnasium





# Crew Stadium Case Study

- **Opened: 1999**
- **Location: Columbus, Ohio**
- **Components:**
  - 22,500-seat stadium**
  - 18 loge boxes**
  - 1,200 club seats**



- **Cost: \$31.0 million**
- **Annual events: 32**
- **Annual attendance: approx. 375,000**
- **Most financially stable team in MLS due to soccer-specific stadium and strong season ticket base in the smallest MLS market.**

# Frisco Soccer & Entertainment Center Case Study

- Opening: 2005
- Location: Frisco, Texas
- Components:
  - 20,000-seat stadium
  - 17 soccer fields
- Cost: \$65.0 million
  - \$10 million from team
  - \$20 million from City
  - \$20 million from State
  - \$15 million from Frisco School District
- Annual events: In addition to hosting Dallas Burn home games, facility representatives indicated that the venue will host major concerts, international soccer matches, and high school football
- Annual attendance: approx. 1,400,000 spectators and participants



# Bridgeview, Illinois Case Study

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- **Opening: 2006**
- **Location: Bridgeview, Illinois**
- **Tenant Franchise: Chicago Fire**
- **Components:**
  - 20,000-seat stadium**
  - Team Offices**
  - Training Center**
- **Cost: \$70.0 million**
- **The new site will also be the center point of a re-development that is expected to include restaurants, theaters and other commercial establishments.**

